

Electronic Filing Information Worksheet

► Keep for your records

2007

Name(s) shown on return

S. C. CLUB, L. P.

Identifying number

Part I – State Electronic Filing:

Check this box to force state only filing for all states selected to be filed electronically ☐

Part II – Electronic Return Originator Information

The ERO Information below will automatically calculate based on the preparer code entered on the return. If the ERO is not the same as the preparer designated on the return, enter a Preparer Code from the Firm/Preparer Info to assign an ERO to this return.

Check to use ERO name instead of firm name in electronic file and on Forms 8453, 8878A, & 8879 ☐

Firm Name

THEODORE P. JONAVIC, CPA

Social Security Number or PTIN

Name

THEODORE P. JONAVIC

Employer Identification Number

Address

5724 SHIRE COURT

Phone Number

Fax Number

(909) 989-7426

(909) 989-4050

City

RANCHO CUCAMONGA

State

CA

ZIP Code

91701

Electronic Filers Identification Number (EFIN)

Country

E-mail Address

Enter a Preparer Code from the Firm/Preparer Info to assign a different ERO to this return. (See Help) _____

Part III – Paid Preparer Information

Firm Name

THEODORE P. JONAVIC, CPA

Social Security Number or PTIN

Name

THEODORE P. JONAVIC

Employer Identification Number

Address

5724 SHIRE COURT

Phone Number

Fax Number

(909) 989-7426

(909) 989-4050

City

RANCHO CUCAMONGA

State

CA

ZIP Code

91701

E-mail Address

If your firm is **ONLY** the ERO and the return being transmitted was not prepared by your firm, enter a preparer code from the Alternative EF Preparer Information to assign a paid preparer. (See Help) ... ►

Part IV – Amended Returns

☐ Check this box to file another **amended return** electronically

cpcv1701.SCR 11/27/07

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S. C. CLUB, L. P. [REDACTED]

7

Supporting Statement of:

Two Year Comparison/Line 13- prior col

Description	Amount
KEY CLUB	308,859.
PLUSH LOUNGE, LLC	
Total	<u>308,859.</u>

Supporting Statement of:

Two Year Comparison/Line 15- prior col

Description	Amount
GENERAL AND ADMINISTRATIVE INTEREST	2,142.
BAR K, INC.	
ADDITIONAL BAR K, INC.	
Total	<u>2,142.</u>

S. C. CLUB, L. P. [REDACTED]

Form 1065 p1-2: Return of Partnership Income

Salaries and Wages (less employment credits) Smart Worksheet	
A Salaries and wages	944,190.
Less employment credits:	
B Work Opportunity Credit (Form 5884)	
C Empowerment Zone Employment Credit (Form 8844)	
D Indian Employment Credit (Form 8845)	
E Welfare-to-Work Credit (Form 8861)	
F Total employment credits	

Form 1065 p1-2: Return of Partnership Income

Taxes and Licenses Smart Worksheet	
A State franchise or income taxes and fees	
B Local property taxes	
C1 Payroll taxes	57,947.
2 Less: Credit from Form 8846	346,116.
D Other miscellaneous taxes	
E Licenses	33,677.

Form 1065 p1-2: Return of Partnership Income

Meals and Entertainment Smart Worksheet	
Meals and entertainment:	
A Subject to 50% limit	26,591.
B Subject to 75% limit	
C NOT subject to limit, 100% allowable	
The allowable percentage of the above lines will transfer into line 20	

Form 1065 p1-2: Return of Partnership Income

Completion of Schedules L, M-1, M-2, etc Smart Worksheet	
If you answered "Yes" to Question 5, do you want to complete Schedules L, etc, even though they are not required?	
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

S. C. CLUB, L. P. [REDACTED]

Form 1065 p3-4: Return of Partnership Income

Tax-Exempt Income and Nondeductible Expenses Smart Worksheet			
Always enter nondeductible meals, entertainment, and travel on line A below. If you use the Schedule M-1 Items Worksheet, enter tax-exempt income and nondeductible expenses other than meals and entertainment on the M-1 Items Worksheet. QuickZoom here to Schedule M-1 Items Worksheet			
If you do not use the Schedule M-1 Items Worksheet, enter tax-exempt income directly on lines 18 below. Enter other nondeductible expenses on line B below.			
A Nondeductible portion of meals and entertainment expenses:			SA
1	Ordinary income (loss) from trade or business ... C	13,295.	
2	Schedule A, Cost of Goods Sold		
3	Schedule F, Profit or Loss From Farming		
4	Form 8825, Rental Real Estate Income		
5	Nondeductible travel expenses		
6	Total nondeductible travel, meals, and entertainment.	13,295.	
B Nondeductible expenses (including amounts from line A above):			
C	NONDEDUCTIBLE MEALS & ENT, (PAGE 1)	13,295.	

Form 1065 p3-4: Return of Partnership Income


Distributions of Cash and Property Options Smart Worksheet			
Distributions entered on Schedule K-1 Worksheet:			
A	Total distributions of money	0.	
B	Total distributions of property (adjusted basis)	0.	
C	Total distributions of property (capital account)	0.	
Options:			
D	Complete lines 19a and 19b from amounts on lines A, B, and C above		<input checked="" type="checkbox"/>
E	Complete lines 19a and 19b from amounts on lines F, G, and H below		<input type="checkbox"/>
Total amounts entered here and allocated to partners:			
F	Total distributions of money		
G	Total distributions of property (adjusted basis) ..		
H	Total distributions of property (capital account) .		

Form 1065 p3-4: Return of Partnership Income

Partners' Liabilities Smart Worksheet			
A	Total liabilities included in Schedule L, line 22, column (d)	19,269,590.	
Classification of liabilities:			
B	Nonrecourse (not including qualified nonrecourse)		
C	Qualified nonrecourse	18,586,699.	
D	Recourse	682,891.	
E	Total of lines B, C, and D	19,269,590.	

S. C. CLUB, L. P. [REDACTED]

Form 1065 p3-4: Return of Partnership Income

Schedule M-1 Smart Worksheet	
QuickZoom here to use optional M-1 Items Worksheet 	
Program will complete Schedule M-1, lines 2 through 9, from entries on worksheet.	
Computed Net Income (Loss) Per Books	
A	Income (loss) per return (Form 1065, page 4, line 1 — analysis) 550,195.
B	Income item tax/book differences from M-1 Items Worksheet
C	Expense item tax/book differences from M-1 Items Worksheet ... 166,381.
D	Net tax/book differences (combine lines B and C) 166,381.
E	Computed net income (loss) per books (combine lines A and D) 716,576.
Check box to enter line E on Schedule M-1, line 1 <input type="checkbox"/>	
Otherwise, enter net income (loss) per books on line 1 below <input checked="" type="checkbox"/> X	

Form 7004: Automatic Extension of Time to File

Filing Address Smart Worksheet	
Minimum information needed to determine filing address:	
Enter two letter state abbreviation for location of principal business, office, or agency CA	
If this return is for a Corporation, an S Corporation, or a Partnership then, are total assets at the end of the tax year \$10 million or more? (If Fiduciary, answer 'No') ... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Send Form 7004 to: Filed electronically - do not mail	
Ogden, UT 84201-0045	

Schedule M-1 Items Worksheet

Schedule M-1 Display Options Smart Worksheet	
A	Display 'book' and 'return' amounts on Schedule M-1 <input checked="" type="checkbox"/> X
B	Display 'difference' amounts on Schedule M-1 <input type="checkbox"/>

Schedule M-1 Items Worksheet

Book Depreciation Options Smart Worksheet	
A	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Are depreciation and amortization for book purposes computed the same as depreciation and amortization for tax purposes? If no, enter book amounts below.
B	<input type="checkbox"/> Yes <input type="checkbox"/> No Do you record section 754 depreciation and amortization on your books?

S. C. CLUB, L. P. [REDACTED]

Schedule M-1 Items Worksheet

Computed Net Income (Loss) per Books Smart Worksheet

A	Income (loss) per return (Form 1065, page 4, line 1 — Analysis)	<u>550,195.</u>
B	Income item tax/book differences	
C	Expense item tax/book differences	<u>166,381.</u>
D	Net tax/book differences (combine lines B and C)	<u>166,381.</u>
E	Computed net income (loss) per books (combine lines A and D)	<u>716,576.</u>
For filers of Schedule M-3 Only:		
F	Net income (loss) per books from Schedule M-3, Part I, Line 11	
G	Difference between Sch M-1 Wks and Sch M-3 net income (loss) per books ...	

Exhibit 39

SC Club Income Tax Return for 2008

11691

Form 1065 Department of the Treasury Internal Revenue Service		U.S. Return of Partnership Income For calendar year 2008, or tax year beginning _____, ending _____ ▶ See separate instructions.		OMB No. 1545-0099 2008
A Principal business activity SERVICE	Use the IRS label. Otherwise, print or type.	Name of partnership S. C. CLUB, L. P. KEY CLUB	D Employer identification number [REDACTED]	
B Principal product or service ENTERTAINMENT		Number, street, and room or suite no. If a P.O. box, see the instructions. 520 BROADWAY, SUITE 660	E Date business started 1/01/1996	
C Business code number [REDACTED]		City or town, state, and ZIP code SANTA MONICA CA 90401	F Total assets (see the instructions) \$ 5,363,637	

- G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return (6) ☐ Technical termination - also check (1) or (2)
- H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶ _____
- I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **2**
- J Check if Schedule M-3 attached ☐

Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	4,483,499	1c	4,483,499
	b Less returns and allowances	1b		2	2,306,392
	2 Cost of goods sold (Schedule A, line 8)			3	2,177,107
	3 Gross profit. Subtract line 2 from line 1c			4	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			5	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))			6	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			7	1,702,550
	7 Other income (loss) (attach statement)	See Statement 1		8	3,879,657
8 Total income (loss). Combine lines 3 through 7			9	890,858	
Deductions (see the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)			10	
	10 Guaranteed payments to partners			11	170,081
	11 Repairs and maintenance			12	
	12 Bad debts			13	739,775
	13 Rent			14	439,486
	14 Taxes and licenses	See Statement 2		15	67,849
	15 Interest	See Statement 3		16a	149,310
	16a Depreciation (if required, attach Form 4562)	16a	149,310	16c	149,310
	b Less depreciation reported on Schedule A and elsewhere on return	16b		17	
	17 Depletion (Do not deduct oil and gas depletion.)			18	
	18 Retirement plans, etc.			19	
	19 Employee benefit programs			20	1,204,679
	20 Other deductions (attach statement)	See Statement 4		21	3,662,038
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			22	217,619
22 Ordinary business income (loss). Subtract line 21 from line 8					

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager _____ Date _____

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature THEODORE P. JONAVIC	Date 9/27/12	Check if self-employed <input type="checkbox"/>	Preparer's SSN [REDACTED]
Firm's name (or yours if self-employed), address, and ZIP code Yoss Allen Jonavic 414 Yale Ave Ste I Claremont, CA 91711-4357	EIN 91711-4357	Phone no. 909-621-3023	

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

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Cost of Goods Sold (see the instructions)

1	at beginning of year	39,617
2	as less cost of items withdrawn for personal use	596,829
3	labor	
4	Additional section 263A costs (attach statement)	
5	Other costs (attach statement)	See Statement 5
6	Total. Add lines 1 through 5	1,709,563
7	Inventory at end of year	2,346,009
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	39,617
		2,306,392

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3
 (ii) ☒ Lower of cost or market as described in Regulations section 1.471-4
 (iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ☐ Yes ☒ No

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☒ No

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No

If "Yes," attach explanation.

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:

a <input type="checkbox"/> Domestic general partnership	b <input checked="" type="checkbox"/> Domestic limited partnership	Yes	No
c <input type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other ▶		

2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person? ☐ Yes ☒ No

3 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), or trust own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below ☐ Yes ☒ No

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below ☐ Yes ☒ No

(i) Name of Individual or Estate	(ii) Social Security Number or Employer Identification Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

4 At the end of the tax year, did the partnership:

- a** Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below ☐ Yes ☒ No

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

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Form 1065 (2008) **KEY CLUB**

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- b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below

Yes	No
	X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

- 5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details
- 6 Does the partnership satisfy all four of the following conditions?
- a The partnership's total receipts for the tax year were less than \$250,000.
- b The partnership's total assets at the end of the tax year were less than \$1 million.
- c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.
- d The partnership is not filing and is not required to file Schedule M-3
- If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.
- 7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?
- 8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?
- 9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?
- 10 At any time during calendar year 2008, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country.
- 11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions
- 12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.
- b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions
- c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions
- 13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (including a disregarded entity)
- 14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?
- 15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions
- 16 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership.
- 17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return.

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	S. C. CLUB, INC.	Identifying number of TMP	
Address of designated TMP	520 BROADWAY, SUITE 660		
	SANTA MONICA CA 90401		

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Form 1065 (2008) **KEY CLUB**

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Schedule K Partners' Distributive Share Items		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1 217,619
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Guaranteed payments	4
	5 Interest income	5
	6 Dividends: a Ordinary dividends	6a
	b Qualified dividends	6b
	7 Royalties	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8
Deductions	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a
	b Collectibles (28%) gain (loss)	9b
	c Unrecaptured section 1250 gain (attach statement)	9c
	10 Net section 1231 gain (loss) (attach Form 4797)	10
	11 Other income (loss) (see instructions) Type ▶	11
	12 Section 179 deduction (attach Form 4562)	12
	13a Contributions See Statement 6	13a 1,671
	b Investment interest expense	13b
	c Section 59(e)(2) expenditures:	
	(1) Type ▶ (2) Amount ▶	13c(2)
	d Other deductions (see instructions) Type ▶	13d
Self-Employment	14a Net earnings (loss) from self-employment	14a
	b Gross farming or fishing income	14b
	c Gross nonfarm income	14c 3,879,657
Credits	15a Low-income housing credit (section 42(j)(5))	15a
	b Low-income housing credit (other)	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c
	d Other rental real estate credits (see instructions) Type ▶	15d
	e Other rental credits (see instructions) Type ▶	15e
	f Other credits (see instructions) Type ▶	15f
Foreign Transactions	16a Name of country or U.S. possession ▶	
	b Gross income from all sources	16b
	c Gross income sourced at partner level	16c
	Foreign gross income sourced at partnership level	
	d Passive category ▶ e General category ▶ f Other ▶	16f
	Deductions allocated and apportioned at partner level	
	g Interest expense ▶ h Other ▶	16h
	Deductions allocated and apportioned at partnership level to foreign source income	
	i Passive category ▶ j General category ▶ k Other ▶	16k
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l
	m Reduction in taxes available for credit (attach statement)	16m
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a 3,452
	b Adjusted gain or loss	17b
	c Depletion (other than oil and gas)	17c
	d Oil, gas, and geothermal properties-gross income	17d
	e Oil, gas, and geothermal properties-deductions	17e
	f Other AMT items (attach statement)	17f
Other Information	18a Tax-exempt interest income	18a
	b Other tax-exempt income	18b
	c Nondeductible expenses See Statement 7	18c 7,047
	19a Distributions of cash and marketable securities	19a
	b Distributions of other property	19b
	20a Investment income	20a
	b Investment expenses	20b
c Other items and amounts (attach statement)		

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Form 1065 (2008) **KEY CLUB**

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Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i					1	215,948
2	Analysis by partner type:						
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a	General partners	43,190					
b	Limited partners	172,758					

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		-142,664		-118,099
2a	Trade notes and accounts receivable	84,237		84,741	
b	Less allowance for bad debts		84,237		84,741
3	Inventories		39,617		39,617
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement) See Stmt 8		1,547,760		1,446,228
7	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	6,880,570		5,897,849	
b	Less accumulated depreciation	2,047,960	4,832,610	2,009,050	3,888,799
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)	1,947,857		1,918,425	
b	Less accumulated amortization	1,892,635	55,222	1,896,074	22,351
13	Other assets (attach statement) See Stmt 9				
14	Total assets		6,416,782		5,363,637
Liabilities and Capital					
15	Accounts payable		122,752		362,805
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement) See Stmt 10		560,139		569,160
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more		18,586,699		17,075,579
20	Other liabilities (attach statement)				
21	Partners' capital accounts		-12,852,808		-12,643,907
22	Total liabilities and capital		6,416,782		5,363,637

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	208,901	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):		a	Depreciation \$	
a	Depreciation \$		8	Add lines 6 and 7	
b	Travel and entertainment \$ 7,047		9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	215,948
5	Add lines 1 through 4	215,948			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	-12,852,808	6	Distributions: a Cash	
2	Capital contributed: a Cash		b	Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	208,901	8	Add lines 6 and 7	
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	-12,643,907
5	Add lines 1 through 4	-12,643,907			

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Form 1065 (2008)

11691

Partner# 1
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2008

For calendar year 2008, or tax
year beginning
ending

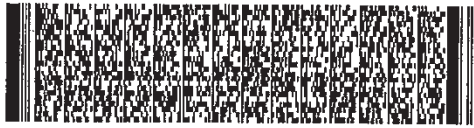
**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

☐ Final K-1

☐ Amended K-1

651108
OMB No. 1545-0099

Part I Information About the Partnership	
A Partnership's employer identification number	
B Partnership's name, address, city, state, and ZIP code	S. C. CLUB, L. P. KEY CLUB 520 BROADWAY, SUITE 660 SANTA MONICA CA 90401
C IRS Center where partnership filed return	Ogden, UT
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
Part II Information About the Partner	
E Partner's identifying number	
F Partner's name, address, city, state, and ZIP code	S. C. CLUB, INC. 520 BROADWAY, SUITE 660 SUITE 660 SANTA MONICA CA 90401
G <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
H <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
I What type of entity is this partner? Corporation	
J Partner's share of profit, loss, and capital (see instructions):	
Beginning Ending	
Profit 20.000000 % 20.000000 %	
Loss 50.576000 % 50.576000 %	
Capital 0.000000 % 0.000000 %	
K Partner's share of liabilities at year end:	
Nonrecourse \$	
Qualified nonrecourse financing \$	
Recourse \$	9,107,495
L Partner's capital account analysis:	
Beginning capital account \$	-2,570,562
Capital contributed during the year \$	
Current year increase (decrease) \$	41,781
Withdrawals & distributions \$	
Ending capital account \$	-2,528,781
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	43,524		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	690
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C*	1,409
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	334	20	Other information
		X*	STMT
14	Self-employment earnings (loss)		
C	775,931		
*See attached statement for additional information.			
<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-size: small; margin-right: 10px;">For IRS Use Only</div>  </div>			

For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2008

DAA

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11691

Partner# 2
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2008

For calendar year 2008, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

651108

OMB No. 1545-0099

☐ Final K-1

☐ Amended K-1

Part III **Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	174,095		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	2,762
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C*	5,638
12	Section 179 deduction		
13	Other deductions		
A	1,337	20	Other information
14	Self-employment earnings (loss)		
C	3,103,726		

*See attached statement for additional information.

For IRS Use Only



Part I **Information About the Partnership**

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
S. C. CLUB, L. P.
KEY CLUB
520 BROADWAY, SUITE 660
SANTA MONICA CA 90401

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II **Information About the Partner**

E Partner's identifying number
[REDACTED]

F Partner's name, address, city, state, and ZIP code
JERROLD S. PRESSMAN
520 BROADWAY
SUITE 660
SANTA MONICA CA 90401

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	80.000000 %	80.000000 %
Loss	49.424000 %	49.424000 %
Capital	100.000000 %	100.000000 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ **8,900,049**

L Partner's capital account analysis:

Beginning capital account \$ **-10,282,246**

Capital contributed during the year \$ _____

Current year increase (decrease) \$ **167,120**

Withdrawals & distributions \$ _____

Ending capital account \$ **-10,115,126**

☒ Tax basis ☐ GAAP ☐ Section 704(b) book

☐ Other (explain)

For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2008

DAA

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11691 S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Statement 1 - Form 1065, Page 1, Line 7 - Other Income (Loss)

Description	Amount
OTHER INCOME	\$ 1,601,360
CONSULTING FEES	101,190
Total	\$ 1,702,550

Statement 2 - Form 1065, Page 1, Line 14 - Taxes

Description	Amount
KITCHEN AND RESTAURANT PAYROL	\$ 61,016
CLUB PAYROLL TAXES	90,483
BOARDROOM PAYROLL TAXES	
BOX OFFICE PAYROLL TAXES	4,756
SPECIAL EVENTS PAYROLL TAXES	
RETAIL PAYROLL TAXES	
MAINTENANCE PAYROLL TAXES	9,528
SECURITY PAYROLL TAXES	50,092
ADMINISTRATION PAYROLL TAXES	61,059
ACCOUNTING PAYROLL TAXES	
MANAGEMENT PAYROLL TAXES	121,600
PLUSH LOUNGE, LLC	
TAXES AND LICENSES	40,255
PROPERTY TAXES	697
Total	\$ 439,486

Statement 3 - Form 1065, Page 1, Line 15 - Interest

Description	Amount
GENERAL AND ADMINISTRATIVE IN	\$ 67,849
BAR K, INC.	
ADDITIONAL BAR K, INC.	
Total	\$ 67,849

Statement 4 - Form 1065, Page 1, Line 20 - Other Deductions

Description	Amount
ACCOUNTING	\$
SERVICE CHARGE CREDIT FROM S/	-20,157
SUNDRY COSTS SPECIAL EVENTS	
OUTSIDE SECURITY COSTS	128,170
SECURITY CREDITS SPECIAL EVEN	-1,309
FEDEX/UPS MESSENGER SERVICES	3,340
DECORATIONS EXPENSE	11,779
LAUNDRY AND UNIFORMS	14,762
DUES AND SUBSCRIPTIONS	17,544
KITCHEN SUPPLIES	231
BAR SUPPLIES	31,515
CHINA, GLASS AND SILVER	4,485
EQUIPMENT RENTALS	-601
EQUIPMENT LEASE	28,133

11691 S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Statement 4 - Form 1065, Page 1, Line 20 - Other Deductions (continued)

Description	Amount
CASH OVER/SHORT	\$ -1,191
OUTSIDE SERVICES	57,213
ADP CHARGES	12,241
ADVERTISING	148,653
IN HOUSE PROMOTIONS	19,742
TOTAL COMPS EXPENSE	53,935
CUSTOMER CLAIMS	
COMPS SALES TAX COSTS	5,401
COMPS TIPS	33,099
BANK CHARGES AND CREDIT CARD	111,968
OFFICE SUPPLIES	32,230
POSTAGE EXPENSE	4,347
UTILITY COSTS	87,913
TELEPHONE EXPENSE	28,968
COMPUTER EXPENSE	1,659
LATE FEES PAID	2,756
INSURANCE EXPENSE	250,275
CLAIMS COSTS	
PROFESSIONAL FEES	7,772
PARKING COSTS, NET	28,607
MANAGEMENT FEES	
INTERMEDIA EXPENSE	
INTERMEDIA INCOME	
DEFERRED CHARGE WRITE OFF	
SPECIAL EVENTS - CREDITS CLUB	
OTHER MANAGEMENT COSTS	
OTHER PROMOTIONAL COSTS	
EMPLOYEE BENEFITS	
INCENTIVE PAYMENTS	9,550
OTHER GENERAL AND ADMINISTRAT	
MISCELLANEOUS EXPENSES	
REIMBURSEMENT COSTS	67,500
ADVERTISING	
STORAGE AND MOVING COSTS	6,035
DEFERRED CHARGE WRITE-OFF	5,737
BANK CHARGES	
OTHER SECURITY COSTS	1,891
Entertainment Expense * 50%	7,047
Amortization	3,439
Total	\$ 1,204,679

11691 S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Statement 5 - Form 1065, Schedule A, Line 5 - Other Costs

<u>Description</u>	<u>Amount</u>
PRODUCTION COSTS	\$ 1,709,563
Total	<u>\$ 1,709,563</u>

11691 S. C. CLUB, L. P.

FYE: 12/31/2008

Federal Statements

Statement 6 - Form 1065, Schedule K, Line 13a - Contributions

Description	100%	50%	30%	20%	Total
Cash contributions (50%)	\$	\$ 1,671	\$	\$	\$ 1,671
Total	\$ 0	\$ 1,671	\$ 0	\$ 0	\$ 1,671

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11691 S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Statement 7 - Form 1065, Schedule K, Line 18c - Nondeductible Expenses

Description	Amount
Nondeductible Meals and Entertainment	\$ 7,047
Total	\$ 7,047

11691 S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Statement 8 - Form 1065, Schedule L, Line 6 - Other Current Assets

Description	Beginning of Year	End of Year
PREPAID EXPENSES	\$	\$
MISCELLANEOUS RECEIVABLES		
SC LP EXCHANGE		
DUE FROM CORPORATE (DEPOSITS)		
DUE FROM MASTERCARD/VISA	28,856	19,591
DUE FROM TICKETMASTER	25,672	4,578
DUE FROM BEM	1,168,343	1,118,343
DUE FROM EMPLOYEES		
DUE FROM BLI		
DUE FROM SIGNATURE CLUB		
DUE FROM AMERICAN EXPRESS	1,946	895
DUE FROM DISCOVER	161	
DUE FROM DINERS/CARTE BLANCHE		
DUE FROM IN HOUSE ACCOUNTS	2,729	
DUE FROM PLUSH LOUNGE LLC	286,716	286,716
DUE FROM AMERICAN EXPRESS - P		
DUE FROM DISCOVER - PLUSH LOU		
DUE FROM MASTERCARD/VISA - PL		
EMPLOYEE ADVANCES - PLUSH LOU		
DUE FROM BRINKS - PLUSH LOUNG	33,337	
DUE FROM MORONGO		2,729
DUE FROM BRINKS		13,376
Total	\$ 1,547,760	\$ 1,446,228

Statement 9 - Form 1065, Schedule L, Line 13 - Other Assets

Description	Beginning of Year	End of Year
DEPOSITS	\$	\$
LOAN COSTS		
DEPOSITS - PLUSH LOUNGE, LLC		
Total	\$ 0	\$ 0

11691 S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Statement 10 - Form 1065, Schedule L, Line 17 - Other Current Liabilities

Description	Beginning of Year	End of Year
ACCRUED INTEREST PAYABLE	\$ 75,443	\$ 75,997
SALES TAX PAYABLE	172,997	172,708
ACCRUED PAYROLL TAXES		9,048
GARNISHMENT PAYABLE	169	140
SPECIAL EVENT DEPOSITS	19,500	16,000
ADVANCE TICKET SALES	2,724	4,959
ADDITIONAL BAR K, INC. ACCRUE		
DEFERRED REVENUE - DINING A L		
OTHER MISCELLANEOUS CREDITS	1,240	1,447
ACCRUED EXPENSES		795
GARNISHMENTS - PLUSH LOUNGE		
SALES TAXES PAYABLE - PLUSH L		
SPECIAL EVENTS DEPOSIT - PLUS		
ACCRUED INTEREST PAYABLE EPD	288,066	288,066
Total	\$ 560,139	\$ 569,160

Form 1065, Schedule M-2, Line 7 - Other Decreases

Description	Amount
PRIOR YEAR ADJUSTMENT	\$
Total	\$ 0

11691 S. C. CLUB, L. P.

FYE: 12/31/2008

Federal Statements
S. C. CLUB, INC.
95-2389644

Schedule K-1, Line 18 - Tax-Exempt Income and Nondeductible Expenses

<u>Code</u>	<u>Description</u>	<u>Amount</u>
C	Nondeductible Meals and Entertainment	\$ 1,409

Schedule K-1, Line 20X - Additional Supplemental Information

<u>Description</u>	
Additional Alternative Minimum Tax Information:	
AMT Total Depreciation	29,172
ACE Post-1993 property depreciation	29,172

11691 S. C. CLUB, L. P.

FYE: 12/31/2008

Federal Statements
JERROLD S. PRESSMAN

Schedule K-1, Line 18 - Tax-Exempt Income and Nondeductible Expenses

<u>Code</u>	<u>Description</u>	<u>Amount</u>
C	Nondeductible Meals and Entertainment	\$ 5,638

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11691

Partner# 1

Schedule K-1		Analysis of Partner's K-1, Current Year Increase (Decrease) Worksheet		2008
		For calendar year 2008, or tax year beginning , and ending		
Partnership Name KEY CLUB			Employer Identification Number [REDACTED]	
Partner's Name S. C. CLUB, INC.			Taxpayer Identification Number [REDACTED]	

Items Included in Current Year Increase (Decrease):

Schedule K Additions:

Ordinary Income/Loss

43,524

Subtotal

43,524

Schedule K Subtractions:

Charitable Contributions

334

Subtotal

334

Schedule M-1 Subtractions:

Meals & Entertainment

1,409

Subtotal

1,409

Total per Schedule K-1, Current Year Increase (Decrease)

41,781

11691

Partner# 2

Schedule K-1		Analysis of Partner's K-1, Current Year Increase (Decrease) Worksheet		2008
		For calendar year 2008, or tax year beginning		, and ending
Partnership Name KEY CLUB			Employer Identification Number [REDACTED]	
Partner's Name JERROLD S. PRESSMAN			Taxpayer Identification Number [REDACTED]	

Items Included in Current Year Increase (Decrease):

Schedule K Additions:

Ordinary Income/Loss 174,095

Subtotal 174,095

Schedule K Subtractions:

Charitable Contributions 1,337

Subtotal 1,337

Schedule M-1 Subtractions:

Meals & Entertainment 5,638

Subtotal 5,638

Total per Schedule K-1, Current Year Increase (Decrease) 167,120

11691

Partner# 1

Partner's Basis Worksheet, Page 1

2008

Schedule K-1

For calendar year 2008, or tax year beginning , and ending

Partnership Name

KEY CLUB

Employer Identification Number

Partner's Name

S. C. CLUB, INC.

Taxpayer Identification Number

0

Beginning of year

Increases:

Capital contributions:	Cash	Property (adjusted basis)	
Increase in share of partnership liabilities	P/Y	C/Y	9,107,495
			9,107,495

"Excess" depletion 43,524

Income items:

Ordinary income		
Net income from rental real estate activities		
Net income from other rental activities		
Interest		
Dividends		
Royalties		
Net short-term capital gain		
Net long-term capital gain		
Other portfolio income		
Net gain under Section 1231		
Other income		
Tax-exempt interest and other income		43,524

Other increases:

Transfer of capital	
Gain (loss) on sale of section 179 assets	
Distribution in excess of partner basis	

Distributions:

	Cash	Property (adjusted basis)	
Decrease in share of partnership liabilities	P/Y	C/Y	
			9,151,019

Subtotal

Decreases:

Nondeductible noncapital expenses 1,409

Deductible items: Ordinary loss

Net loss from rental real estate activities	
Net loss from other rental activities	
Royalties	
Net short-term capital loss	
Net long-term capital loss	
Other portfolio loss	
Net loss under Section 1231	
Other losses	
Charitable contributions	334
Section 179 expense	
Deductions related to portfolio income	
Other deductions	
Interest expense on investment debts	
Foreign taxes	
Section 59(e) expenses	

Depletion

Other decreases:

1,743

End of year

9,149,276

*Note to partner: This worksheet was prepared based on partnership records. Please consult with your tax advisor for adjustments.

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11691

Partner# 2

Partner's Basis Worksheet, Page 1

2008

Schedule K-1

For calendar year 2008, or tax year beginning , and ending

Partnership Name

KEY CLUB

Employer Identification Number

Partner's Name

JERROLD S. PRESSMAN

Taxpayer Identification Number

Beginning of year

0

Increases:

Capital contributions:	Cash	Property (adjusted basis)		
Increase in share of partnership liabilities	P/Y	C/Y	8,900,049	8,900,049
"Excess" depletion			174,095	
Income items:	Ordinary income			
	Net income from rental real estate activities			
	Net income from other rental activities			
	Interest			
	Dividends			
	Royalties			
	Net short-term capital gain			
	Net long-term capital gain			
	Other portfolio income			
	Net gain under Section 1231			
	Other income			
	Tax-exempt interest and other income			174,095
Other increases:	Transfer of capital			
	Gain (loss) on sale of section 179 assets			
	Distribution in excess of partner basis			

Distributions:	Cash	Property (adjusted basis)
Decrease in share of partnership liabilities	P/Y	C/Y

9,074,144

Subtotal

Decreases:

Nondeductible noncapital expenses	5,638
Deductible items:	
Ordinary loss	
Net loss from rental real estate activities	
Net loss from other rental activities	
Royalties	
Net short-term capital loss	
Net long-term capital loss	
Other portfolio loss	
Net loss under Section 1231	
Other losses	
Charitable contributions	1,337
Section 179 expense	
Deductions related to portfolio income	
Other deductions	
Interest expense on investment debts	
Foreign taxes	
Section 59(e) expenses	
Depletion	6,975
Other decreases:	

9,067,169

End of year

*Note to partner: This worksheet was prepared based on partnership records. Please consult with your tax advisor for adjustments.

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Form 1065	Schedule K-1 Summary Worksheet	2008
For calendar year 2008, or tax year beginning , and ending		

Partnership Name KEY CLUB	Employer Identification Number [REDACTED]
-------------------------------------	--

	Partner Name	SSN/EIN
Column A	S. C. CLUB, INC.	[REDACTED]
Column B	JERROLD S. PRESSMAN	[REDACTED]
Column C		
Column D		

Schedule K Items	Column A	Column B	Column C	Column D	Sch K Total
1 Ordinary income	43,524	174,095			217,619
2 Net income-rent					
3c Net inc-oth-rent					
4 Guaranteed pmts					
5 Interest income					
6a Ordinary dividends					
6b Qual dividends					
7 Royalties					
8 Net ST capital gain					
9a Net LT capital gain					
9b Collectibles 28% gain					
9c Unrecap Sec 1250					
10 Net Sec 1231 gain					
11 Other income					
12 Sec 179 deduction					
13a Contributions	334	1,337			1,671
13b Invest interest exp					
13c Sec 59(e)(2) exp					
13d Other deductions					
14a Net SE earnings					
14b Gross farming inc					
14c Gross nonfarm inc	775,931	3,103,726			3,879,657
15a Low-inc house 42j5					
15b Low-inc house other					
15c Qualif rehab exp					
15d Rental RE credits					
15e Other rental credits					
15f Other credits					
16b Gross inc all src					
16c-f Tot foreign income					
16g-kTot foreign deds					
16l-mTotal foreign taxes					
17a Depr adjustment	690	2,762			3,452
17b Adj gain or loss					
17c Depletion					
17d Inc-oil/gas/geoth					
17e Ded-oil/gas/geoth					
17f Other AMT items					
18a Tax-exempt int					
18b Other tax-exempt					
18c Nonded expense	1,409	5,638			7,047
19a Cash distributions					
19b Property distributions					
20a Invest income					
20b Invest expense					

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Page 1 of 1

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Form 1065		Reconciliation of Partners' Capital Accounts Worksheet				2008
Partnership Name		For calendar year 2008, or tax year beginning , and ending				Employer Identification Number
KEY CLUB						
Partner Number	Partner Name	Beginning Capital	Capital Contributed	Lines 3, 4, & 7 Schedule M-2	Withdrawals & Distributions	Ending Capital
1	S. C. CLUB, INC.	-2,570,562	0	41,781	0	-2,528,781
2	JERROLD S. PRESSMAN	-10,282,246	0	167,120	0	-10,115,126
Total Partners' Capital		-12,852,808	0	208,901	0	-12,643,907

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11691- S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Form 1065, Schedule L, Line 1 - Cash

Description	Beginning of Year	End of Year
Cash	\$ -142,664	\$ -118,099
Total	\$ -142,664	\$ -118,099

Form 1065, Schedule L, Line 2a - Trade Notes and Accounts Receivable

Description	Beginning of Year	End of Year
Trade Notes and Accounts Rec.	\$ 84,237	\$ 84,741
Total	\$ 84,237	\$ 84,741

Form 1065, Schedule L, Line 3 - Inventories

Description	Beginning of Year	End of Year
Inventory	\$ 39,617	\$ 39,617
Total	\$ 39,617	\$ 39,617

Form 1065, Schedule L, Line 9a - Buildings and Other Depreciable Assets

Description	Beginning of Year	End of Year
Depreciable Assets	\$ 6,880,570	\$ 5,897,849
Total	\$ 6,880,570	\$ 5,897,849

Form 1065, Schedule L, Line 9b - Less Accumulated Depreciation

Description	Beginning of Year	End of Year
Accumulated Depreciation	\$ 2,047,960	\$ 2,009,050
Total	\$ 2,047,960	\$ 2,009,050

Form 1065, Schedule L, Line 12a - Intangible Assets

Description	Beginning of Year	End of Year
Intangible Assets	\$ 1,947,857	\$ 1,918,425
Total	\$ 1,947,857	\$ 1,918,425

11691 S. C. CLUB, L. P.

Federal Statements

FYE: 12/31/2008

Form 1065, Schedule L, Line 12b - Accumulated Amortization

Description	Beginning of Year	End of Year
Accumulated Amortization	\$ 1,892,635	\$ 1,896,074
Total	\$ 1,892,635	\$ 1,896,074

Form 1065, Schedule L, Line 15 - Accounts Payable

Description	Beginning of Year	End of Year
Accounts Payable	\$ 122,752	\$ 362,805
Total	\$ 122,752	\$ 362,805

Form 1065, Schedule L, Line 19 - Mortgage, Notes, Bonds Payable in 1 Yr or More

Description	Beginning of Year	End of Year
Mort., Note, More Than 1 Yr.	\$ 18,586,699	\$ 17,075,579
Total	\$ 18,586,699	\$ 17,075,579

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11691 S. C. CLUB, L. P.

FYE: 12/31/2008

Federal Asset Report Form 1065, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179 Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:									
1	BUILDING COSTS	1/01/96	5,574,947			5,574,947	39 MMS/L	1,772,723	140,606
2	BUILDING COSTS	1/01/98	119,323			119,323	39 MMS/L	30,644	3,054
3	LEASEHOLD IMPROVEMENTS	7/01/97	17,877			17,877	39 MMS/L	4,791	458
4	LEASEHOLD IMPROVEMENTS	7/01/98	42,317			42,317	39 MMS/L	10,262	1,085
5	LEASEHOLD IMPROVEMENTS - EAST	7/01/98	95,272			95,272	39 MMS/L	23,107	2,443
10	FIXTURES AND EQUIPMENT	7/01/00	126			126	7 HY 200DB	126	0
11	OTHER EQUIPMENT	7/01/00	314			314	7 HY 200DB	314	0
12	LEASEHOLD IMPROVEMENTS	7/01/00	10,062			10,062	39 MMS/L	1,924	258
13	COMPUTER SOFTWARE	1/01/02	1,148		X	804	5 HY 200DB	1,148	0
14	FIXTURES AND EQUIPMENT	1/01/02	2,886		X	2,020	7 HY 200DB	2,500	257
15	OTHER EQUIPMENT	1/01/02	2,142		X	1,499	7 HY 200DB	1,855	191
16	LEASEHOLD IMPROVEMENTS	1/01/02	23,411			23,411	39 MMS/L	3,575	600
18	KITCHEN AND RESTAURANT EQUIPM	1/01/04	8,024		X	4,012	7 HY 200DB	6,771	358
			<u>5,897,849</u>			<u>5,891,984</u>		<u>1,859,740</u>	<u>149,310</u>
Amortization:									
6	START UP COSTS	1/01/96	21,725			21,725	5 MOAmort	21,725	0
7	START UP COSTS	1/01/97	1,672,924			1,672,924	5 MOAmort	1,672,924	0
8	LOAN COSTS	1/01/98	172,184			172,184	7 MOAmort	172,184	0
9	START UP COSTS	7/01/00	51,592			51,592	15 MOAmort	25,802	3,439
			<u>1,918,425</u>			<u>1,918,425</u>		<u>1,892,635</u>	<u>3,439</u>
Grand Totals			7,816,274			7,810,409		3,752,375	152,749
Less: Dispositions			0			0		0	0
Less: Start-up/Org Expense			0			0		0	0
Net Grand Totals			<u>7,816,274</u>			<u>7,810,409</u>		<u>3,752,375</u>	<u>152,749</u>

11691 S. C. CLUB, L. P.

Bonus Depreciation Report

FYE: 12/31/2008

Asset	Property Description	Date In Service	Tax Cost	Bus Pct	Tax Sec 179 Exp	Current Bonus	Prior Bonus	Tax - Basis for Depr
Activity: Form 1065, Page 1								
13	COMPUTER SOFTWARE	1/01/02	1,148	100	0	0	344	804
14	FIXTURES AND EQUIPMENT	1/01/02	2,886	100	0	0	866	2,020
15	OTHER EQUIPMENT	1/01/02	2,142	100	0	0	643	1,499
18	KITCHEN AND RESTAURANT EQUIPME	1/01/04	8,024	100	0	0	4,012	4,012
	Form 1065, Page 1		14,200		0	0	5,865	8,335
	Grand Total		14,200		0	0	5,865	8,335

PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

11691. S. C. CLUB, L. P.

AMT Asset Report
Form 1065, Page 1

FYE: 12/31/2008

Asset	Description	Date In Service	Cost	Bus %	Sec 179Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:									
1	BUILDING COSTS	1/01/96	5,574,947			5,574,947	40 MMS/L	1,728,696	137,162
2	BUILDING COSTS	1/01/98	119,323			119,323	40 MMS/L	29,875	2,977
3	LEASEHOLD IMPROVEMENTS	7/01/97	17,877			17,877	40 MMS/L	4,675	447
4	LEASEHOLD IMPROVEMENTS	7/01/98	42,317			42,317	40 MMS/L	10,007	1,058
5	LEASEHOLD IMPROVEMENTS - EAST	7/01/98	95,272			95,272	40 MMS/L	22,530	2,382
10	FIXTURES AND EQUIPMENT	7/01/00	126			126	7 HY 150DB	126	0
11	OTHER EQUIPMENT	7/01/00	314			314	7 HY 150DB	314	0
12	LEASEHOLD IMPROVEMENTS	7/01/00	10,062			10,062	39 MMS/L	1,924	258
13	COMPUTER SOFTWARE	1/01/02	1,148	X		804	5 HY 150DB	1,148	0
14	FIXTURES AND EQUIPMENT	1/01/02	2,886	X		2,020	7 HY 150DB	2,356	353
15	OTHER EQUIPMENT	1/01/02	2,142	X		1,499	7 HY 150DB	1,748	263
16	LEASEHOLD IMPROVEMENTS	1/01/02	23,411			23,411	39 MMS/L	3,575	600
18	KITCHEN AND RESTAURANT EQUIPM	1/01/04	8,024	X		4,012	7 HY 200DB	6,771	358
			<u>5,897,849</u>			<u>5,891,984</u>		<u>1,813,745</u>	<u>145,858</u>
Grand Totals			5,897,849			5,891,984		1,813,745	145,858
Less: Dispositions			0			0		0	0
Net Grand Totals			<u>5,897,849</u>			<u>5,891,984</u>		<u>1,813,745</u>	<u>145,858</u>

11691 S. C. CLUB, L. P.

Depreciation Adjustment Report

All Business Activities

FYE: 12/31/2008

Form	Unit	Asset	Description	Tax	AMT	ACE	AMT Adjustments/ Preferences
MACRS Adjustments:							
Page 1	1	1	BUILDING COSTS	140,606	137,162	137,162 s	3,444
Page 1	1	2	BUILDING COSTS	3,054	2,977	2,977 s	77
Page 1	1	3	LEASEHOLD IMPROVEMENTS	458	447	447 s	11
Page 1	1	4	LEASEHOLD IMPROVEMENTS	1,085	1,058	1,058 s	27
Page 1	1	5	LEASEHOLD IMPROVEMENTS - EAST LOT	2,443	2,382	2,382 s	61
Page 1	1	10	FIXTURES AND EQUIPMENT	0	0	0 s	0
Page 1	1	11	OTHER EQUIPMENT	0	0	0 s	0
Page 1	1	12	LEASEHOLD IMPROVEMENTS	258	258	258 s	0
Page 1	1	13	COMPUTER SOFTWARE	0	0	0 s	0
Page 1	1	14	FIXTURES AND EQUIPMENT	257	353	353 s	-96
Page 1	1	15	OTHER EQUIPMENT	191	263	263 s	-72
Page 1	1	16	LEASEHOLD IMPROVEMENTS	600	600	600 s	0
Page 1	1	18	KITCHEN AND RESTAURANT EQUIPMENT	358	358	358 s	0
				<u>149,310</u>	<u>145,858</u>	<u>145,858 s</u>	<u>3,452</u>
Totals for ACE Depreciation Adjustment:					<u>145,858</u>		
AMT Depreciation Addback							
ACE Depreciation Expense						<u>145,858 s</u>	

s - Substituted applicable AMT or Tax data when ACE column is blank.

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

11691 S. C. CLUB, L. P.

Future Depreciation Report FYE: 12/31/09

FYE: 12/31/2008

Form 1065, Page 1

Asset	Description	Date In Service	Cost	Tax	AMT	ACE
Prior MACRS:						
1	BUILDING COSTS	1/01/96	5,574,947	142,947	139,374	0
2	BUILDING COSTS	1/01/98	119,323	3,060	2,983	0
3	LEASEHOLD IMPROVEMENTS	7/01/97	17,877	458	447	0
4	LEASEHOLD IMPROVEMENTS	7/01/98	42,317	1,085	1,058	0
5	LEASEHOLD IMPROVEMENTS - EAST LOT	7/01/98	95,272	2,443	2,382	0
10	FIXTURES AND EQUIPMENT	7/01/00	126	0	0	0
11	OTHER EQUIPMENT	7/01/00	314	0	0	0
12	LEASEHOLD IMPROVEMENTS	7/01/00	10,062	258	258	0
13	COMPUTER SOFTWARE	1/01/02	1,148	0	0	0
14	FIXTURES AND EQUIPMENT	1/01/02	2,886	129	177	0
15	OTHER EQUIPMENT	1/01/02	2,142	96	131	0
16	LEASEHOLD IMPROVEMENTS	1/01/02	23,411	600	600	0
18	KITCHEN AND RESTAURANT EQUIPMENT	1/01/04	8,024	358	358	0
			<u>5,897,849</u>	<u>151,434</u>	<u>147,768</u>	<u>0</u>
Amortization:						
6	START UP COSTS	1/01/96	21,725	0	0	0
7	START UP COSTS	1/01/97	1,672,924	0	0	0
8	LOAN COSTS	1/01/98	172,184	0	0	0
9	START UP COSTS	7/01/00	51,592	3,439	0	0
			<u>1,918,425</u>	<u>3,439</u>	<u>0</u>	<u>0</u>
Grand Totals			<u>7,816,274</u>	<u>154,873</u>	<u>147,768</u>	<u>0</u>

Exhibit 40

BEM Income Tax Return for 2007

Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
See separate instructions.

OMB No. 1545-0130

2007

For calendar year 2007 or tax year beginning , 2007, ending

A S election effective date 06/15/92	Use the IRS label. Otherwise, print or type.	Name BROADWAY ENTERTAINMENT MARKETING	D Employer identification number [REDACTED]
B Business activity code number (see instructions) [REDACTED]		Number, street, and room or suite no. If a P.O. box, see instructions. 520 BROADWAY, SUITE 660	E Date incorporated 05/15/92
C Check if Sch M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code SANTA MONICA CA 90401-2466	F Total assets (see instructions) \$ 1,063,801.

G Is the corporation electing to be an S corporation beginning with this tax year? Yes ☐ No ☒ If 'Yes,' attach Form 2553 if not previously filed

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders in the corporation at the end of the tax year

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

2

INCOME	1a Gross receipts or sales	7,635,071.	b Less returns and allowances		1c	7,635,071.
	2 Cost of goods sold (Schedule A, line 8)				2	878,776.
	3 Gross profit. Subtract line 2 from line 1c				3	6,756,295.
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				4	
	5 Other income (loss) (attach statement)				5	
	6 Total income (loss). Add lines 3 through 5				6	6,756,295.
DEDUCTIONS	7 Compensation of officers				7	
	8 Salaries and wages (less employment credits)				8	0.
	9 Repairs and maintenance				9	35,555.
	10 Bad debts				10	
	11 Rents				11	313,677.
	12 Taxes and licenses				12	2,227.
	13 Interest				13	
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)				14	3,067.
	15 Depletion (Do not deduct oil and gas depletion.)				15	
	16 Advertising				16	4,632,724.
	17 Pension, profit-sharing, etc, plans				17	
	18 Employee benefit programs				18	
	19 Other deductions (attach statement) * STMT.				19	1,855,227.
	20 Total deductions. Add lines 7 through 19				20	6,842,477.
	21 Ordinary business income (loss). Subtract line 20 from line 6				21	-86,182.
TAX AND PAYMENTS	22a Excess net passive income or LIFO recapture tax (see instructions)				22a	
	b Tax from Schedule D (Form 1120S)				22b	
	c Add lines 22a and 22b (see instructions for additional taxes)				22c	
	23a 2007 estimated tax payments and 2006 overpayment credited to 2007				23a	
	b Tax deposited with Form 7004				23b	0.
	c Credit for federal tax paid on fuels (attach Form 4136)				23c	
	d Add lines 23a through 23c				23d	0.
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached				24	0.
25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed				25	0.	
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid				26		
27 Enter amount from line 26 Credited to 2008 estimated tax				27		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

PRESIDENT

Title

Preparer's signature

Date

Check if self-employed ☒

Preparer's SSN or PTIN

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer's Use Only

Firm's name (or yours if self-employed), address, and ZIP code

THEODORE P. JONAVIC, CPA

5724 SHIRE COURT

RANCHO CUCAMONGA

CA 91701

EIN

Phone no. (909) 989-7426

BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

SPSA0112 12/26/07

Form 1120S (2007)

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form 1120S (2007) **BROADWAY ENTERTAINMENT MARKETING****Schedule A Cost of Goods Sold** (see instructions)

Page 2

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement) * STMT.	5	878,776.
6	Total. Add lines 1 through 5	6	878,776.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	878,776.

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☒ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation ☐ Yes ☐ No

Schedule B Other Information (see instructions)☐ Yes ☐ No

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify)		
2 See the instructions and enter the:		
a Business activity SERVICE		
b Product or service MARKETING AND PROMOTION		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years \$		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year \$		
8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L and M-1		X

Schedule K Shareholders' Pro Rata Share Items

Total amount

	1	2	3a	3b	3c	4	5a	5b	6	7	8a	8b	8c	9	10
1 Ordinary business income (loss) (page 1, line 21)															
2 Net rental real estate income (loss) (attach Form 8825)															
3a Other gross rental income (loss)															
b Expenses from other rental activities (attach statement)			3,450.												
c Other net rental income (loss). Subtract line 3b from line 3a															
4 Interest income															
5 Dividends: a Ordinary dividends															
b Qualified dividends															
6 Royalties															
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))															
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))															
b Collectibles (28%) gain (loss)															
c Unrecaptured section 1250 gain (attach statement)															
9 Net section 1231 gain (loss) (attach Form 4797)															
10 Other income (loss) (see instructions)															

Form 1120S (2007)

SPSA0112 12/26/07

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Form 1120S (2007) BROADWAY ENTERTAINMENT MARKETING

Page 3

Shareholders' Pro Rata Share Items (continued)		Total amount
Deductions	11 Section 179 deduction (attach Form 4562)	11
	12a Contributions Cash contribution..(50%)	12a 0.
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c (2)
	d Other deductions (see instructions) ... Type ▶	12d
Credits	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c
	d Other rental real estate credits (see instrs) Type ▶	13d
	e Other rental credits (see instrs) Type ▶	13e
	f Credit for alcohol used as fuel (attach Form 6478)	13f
	g Other credits (see instructions) Type ▶	13g
Foreign Transactions	14a Name of country or U.S. possession ▶	
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level	14c
	Foreign gross income sourced at corporate level	
	d Passive category	14d
	e General category	14e
	f Other (attach statement)	14f
	Deductions allocated and apportioned at shareholder level	
	g Interest expense	14g
	h Other	14h
	Deductions allocated and apportioned at corporate level to foreign source income	
	i Passive category	14i
	j General category	14j
	k Other (attach statement)	14k
Other information		
l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
m Reduction in taxes available for credit (attach statement)	14m	
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a 3.
	b Adjusted gain or loss	15b
	c Depletion (other than oil and gas)	15c
	d Oil, gas, and geothermal properties – gross income	15d
	e Oil, gas, and geothermal properties – deductions	15e
	f Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a
	b Other tax-exempt income	16b
	c Nondeductible expenses	16c 11,460.
	d Property distributions	16d
	e Repayment of loans from shareholders	16e
Other Information	17a Investment income	17a 23,752.
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and lines 14l	18 -58,980.

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Form 1120S (2007)

SPSA0134 09/28/07

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Form 1120S (2007) BROADWAY ENTERTAINMENT MARKETING

Page 4

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		-321,378.		-16,999.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach stmt) ... Ln. 6. St. ...		514,482.		685,335.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement) ... Ln. 9. St. ...				202,150.
10a	Buildings and other depreciable assets	119,950.		128,149.	
b	Less accumulated depreciation	9,041.	110,909.	20,307.	107,842.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	68,966.		68,966.	
b	Less accumulated amortization		68,966.		68,966.
14	Other assets (attach stmt) ... Ln. 14. St. ...				16,507.
15	Total assets		372,979.		1,063,801.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach stmt) ... Ln. 18. St. ...		88,953.		90,493.
19	Loans from shareholders		1,260,710.		2,017,367.
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock		5,000.		5,000.
23	Additional paid-in capital		315,000.		315,000.
24	Retained earnings		-1,296,684.		-1,364,059.
25	Adjustments to shareholders' equity (att stmt)				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity		372,979.		1,063,801.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1	Net income (loss) per books	-67,375.	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest . \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 14i (itemize):		6	Deductions included on Schedule K, lines 1 through 12, and 14i, not charged against book income this year (itemize):	
a	Depreciation	\$	a	Depreciation \$	3,065.
b	Travel and entertainment . \$	11,460.			
		11,460.	7	Add lines 5 and 6	3,065.
4	Add lines 1 through 3	-55,915.	8	Income (loss) (Schedule K, ln 18). Ln 4 less ln 7 ...	-58,980.

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-1,777,418.	
2	Ordinary income from page 1, line 21		
3	Other additions	27,202.	
4	Loss from page 1, line 21	86,182.	
5	Other reductions	11,460.	
6	Combine lines 1 through 5	-1,847,858.	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-1,847,858.	

SPSA0134 09/28/07

Form 1120S (2007)

Form **4562**Department of the Treasury
Internal Revenue Service**Depreciation and Amortization**
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2007Attachment
Sequence No. **67**

Name(s) shown on return

BROADWAY ENTERTAINMENT MARKETING

Business or activity to which this form relates

Form 1120S Line 21

Identifying number

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000.
2	Total cost of section 179 property placed in service (see instructions)	2	8,199.
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	125,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	EQUIPMENT	8,199.	8,199.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	8,199.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	8,199.
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	321.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	0.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0.
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12	13	8,520.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	3,067.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B — Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	3,067.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIZ0812 10/05/07

Form 4562 (2007)

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form 4562 (2007) BROADWAY ENTERTAINMENT MARKETING

Page 2

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?										Yes	No	24b If 'Yes,' is the evidence written?										Yes	No					
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost																				
25 Special allowance for qualified Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25																				
26 Property used more than 50% in a qualified business use:																												
27 Property used 50% or less in a qualified business use:																												
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1																		28										
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1																		29										

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year					
44 Total. Add amounts in column (f). See the instructions for where to report					0.
					0.

FDIZ0812 10/05/07

Form 4562 (2007)

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form **7004**

(Rev December 2007)
Department of the Treasury
Internal Revenue Service

**Application for Automatic 6-Month Extension of Time To File
Certain Business Income Tax, Information, and Other Returns**

OMB No. 1545-0233

► File a separate application for each return.

**Type or
Print**

File by the due
date for the
return for which
an extension is
requested. See
instructions.

Name

Identifying number

BROADWAY ENTERTAINMENT MARKETING

Number, street, and room or suite number. (If P.O. box, see instructions.)

520 BROADWAY, SUITE 660

City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)).

SANTA MONICA

CA 90401-2466

Note. See instructions before completing this form.

1 Enter the form code for the return that this application is for (see below) **25**

2 If the foreign corporation does not have an office or place of business in the United States, check here ☐

3 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here ☐

4a The application is for calendar year 20 07, or tax year beginning _____, 20 __, and ending _____, 20 __

b Short tax year. If this tax year is less than 12 months, check the reason:

☐ Initial return

☐ Final return

☐ Change in accounting period

☐ Consolidated return to be filed

5 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here ☐
If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

6 Tentative total tax **6** 0.

7 Total payments and credits (see instructions) **7** 0.

8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions) **8** 0.

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-ND	19
Form 706-GS(P)	02	Form 1120-ND (section 4951 taxes)	20
Form 1041 (estate)	04	Form 1120-PC	21
Form 1041 (trust)	05	Form 1120-POL	22
Form 1041-N	06	Form 1120-REIT	23
Form 1041-QFT	07	Form 1120-RIC	24
Form 1042	08	Form 1120-S	25
Form 1065	09	Form 1120-SF	26
Form 1065-B	10	Form 3520-A	27
Form 1066	11	Form 8612	28
Form 1120	12	Form 8613	29
Form 1120-A (fiscal year 2006-2007 corporations)	14	Form 8725	30
Form 1120-C	34	Form 8804	31
Form 1120-E	15	Form 8831	32
Form 1120-FSC	16	Form 8876	33
Form 1120-H	17	Form 8924	35
Form 1120-L	18		

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 7004 (Rev 12-2007)

Form 7004 Electronic Filing Information Worksheet

2007

Name BROADWAY ENTERTAINMENT MARKETING	Social Security Number [REDACTED]
--	--------------------------------------

Prepare Form 7004 for Electronic Filing

Extension accepted ☒

Signature of Officer

Officer's Name
Officer's Title
Signature Date

Electronic Funds Withdrawal - Amount paid with Form 7004

NOTE - A Practitioner PIN is required for Form 7004 efile if using electronic funds withdrawal

Enter the payment date to withdraw tax payment

Practitioner PIN information for Form 7004

NOTE - A Practitioner PIN is required for Form 7004 efile if using electronic funds withdrawal

Please indicate how the Officer PIN is entered into the program.

Officer entered PIN ☐
ERO entered Officer's PIN ☐

ERO's Practitioner PIN (EFIN followed by any 5 numbers) EFIN Self-Select PIN

ERO Declaration: I certify that the above numeric entry is my PIN, which is my signature to authorize submission of the electronic application for extension and electronic funds withdrawal for the corporation indicated above. I confirm that I am submitting application for extension in accordance with the requirements of the Practitioner PIN method and Publications 4163, *Modernized e-File Information for Authorized IRS e-file Providers*, and 3112, *IRS e-file Application and Participation*.

Perjury Statement: Under penalties of perjury, I declare that I have been authorized by the above taxpayer to make this authorization and that I have examined a copy of the taxpayer's electronic extension (Form 7004) for the tax period indicated above and to the best of my knowledge and belief, it is true, correct, and complete.

Consent to disclosure: I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

Electronic Funds Withdrawal Consent (if applicable): I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's Federal taxes owed on Form 7004, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institution involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

I certify that I have the authority to execute this consent on behalf of the organization. I am signing this Disclosure Consent by entering my self-selected PIN below.

Date
Officer's PIN (enter any 5 numbers)

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form **8879-S**

**IRS e-file Signature Authorization
for Form 1120S**

OMB No. 1545-1863

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax year beginning _____, 2007, ending _____
▶ See instructions. Do not send to the IRS. Keep for your records.

2007

Name of corporation

Employer identification number

BROADWAY ENTERTAINMENT MARKETING

Part I Tax Return Information (Whole dollars only)

1	Gross receipts or sales less returns and allowances (Form 1120S, line 1c)	1	7,635,071.
2	Gross profit (Form 1120S, line 3)	2	6,756,295.
3	Ordinary business income (loss) (Form 1120S, line 21)	3	-86,182.
4	Net rental real estate income (loss) (Form 1120S, Schedule K, line 2)	4	
5	Income (loss) reconciliation (Form 1120S, Schedule K, line 18)	5	-58,980.

Part II Declaration and Signature Authorization of Officer (Be sure to get a copy of the corporation's return)

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2007 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

Officer's PIN: check one box only

☐ I authorize _____ to enter my PIN _____ as my signature _____
ERO firm name do not enter all zeros
on the corporation's 2007 electronically filed income tax return.

☒ As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2007 electronically filed income tax return.

Officer's signature ▶ _____ Date ▶ _____ Title ▶ **PRESIDENT**

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN _____
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2007 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub 3112, IRS e-file Application and Participation, and Pub 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers.

ERO's signature ▶  Date ▶ **01/05/09**

**ERO Must Retain This Form — See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So**

BAA For Paperwork Reduction Act Notice, see instructions

Form **8879-S** (2007)

Schedule K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax

year beginning _____, 2007

ending _____, 2007

☐ Final K-1

☐ Amended K-1

671107

OMB No. 1545-0130

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
[REDACTED]

B Corporation's name, address, city, state, and ZIP code
BROADWAY ENTERTAINMENT MARKETING
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401-2466

C IRS Center where corporation filed return
Ogden, UT 84201-0013

Part II Information About the Shareholder

D Shareholder's identifying number
[REDACTED]

E Shareholder's name, address, city, state, and ZIP code
JERROLD S. PRESSMAN
520 BROADWAY
SUITE 660
SANTA MONICA, CA 90401

F Shareholder's percentage of stock ownership for tax year 95.83500 %

FOR
IRS
USE
ONLY

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits
	-82,593.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
	3,306.		
4	Interest income		
	22,763.		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	3.
11	Section 179 deduction	16	Items affecting shareholder basis
		C	10,983.
12	Other deductions		
A	0.		
		17	Other information
		A	22,763.

*See attached statement for additional information.

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2007

SPSA0412 09/19/07

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Schedule K-1 (Form 1120S) 2007 BROADWAY ENTERTAINMENT MARKETING

Page 2

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1 Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:		
Passive loss		See the Shareholder's Instructions
Passive income		See the Shareholder's Instructions
Nonpassive loss		See the Shareholder's Instructions
Nonpassive income		See the Shareholder's Instructions
2 Net rental real estate income (loss)		
3 Other net rental income (loss)		
Net income		See the Shareholder's Instructions
Net loss		See the Shareholder's Instructions
4 Interest income		
5a Ordinary dividends		
5b Qualified dividends		
6 Royalties		
7 Net short-term capital gain (loss)		
8a Net long-term capital gain (loss)		
8b Collectibles (28%) gain (loss)		
8c Unrecaptured section 1250 gain		
9 Net section 1231 gain (loss)		
10 Other income (loss)		
Code		
A Other portfolio income (loss)		See the Shareholder's Instructions
B Involuntary conversions		See the Shareholder's Instructions
C Section 1256 contracts and straddles		Form 6781, line 1
D Mining exploration costs recapture		See Pub 535
E Other income (loss)		See the Shareholder's Instructions
11 Section 179 deduction		See the Shareholder's Instructions
12 Other deductions		
A Cash contributions (50%)		See the Shareholder's Instructions
B Cash contributions (30%)		See the Shareholder's Instructions
C Noncash contributions (50%)		See the Shareholder's Instructions
D Noncash contributions (30%)		See the Shareholder's Instructions
E Capital gain property to a 50% organization (30%)		See the Shareholder's Instructions
F Capital gain property (20%)		See the Shareholder's Instructions
G Investment interest expense		Form 4952, line 1
H Deductions — royalty income		Schedule E, line 18
I Section 59(e)(2) expenditures		See the Shareholder's Instructions
J Deductions — portfolio (2% floor)		Schedule A, line 23
K Deductions — portfolio (other)		Schedule A, line 28
L Preproductive period expenses		See the Shareholder's Instructions
M Commercial revitalization deduction from rental real estate activities		See Form 8582 Instructions
N Reforestation expense deduction		See the Shareholder's Instructions
O Domestic production activities information		See Form 8903 Instructions
P Qualified production activities income		Form 8903, line 7
Q Employer's Form W-2 wages		Form 8903, line 15
R Other deductions		See the Shareholder's Instructions
13 Credits		
A Low-income housing credit (section 42(j)(5))		See the Shareholder's Instructions
B Low-income housing credit (other)		See the Shareholder's Instructions
C Qualified rehabilitation expenditures (rental real estate)		See the Shareholder's Instructions
D Other rental real estate credits		See the Shareholder's Instructions
E Other rental credits		See the Shareholder's Instructions
F Undistributed capital gains credit		Form 1040, line 70, check box a
G Credit for alcohol used as fuel		See the Shareholder's Instructions
H Work opportunity credit		See the Shareholder's Instructions
I Welfare-to-work credit		See the Shareholder's Instructions
J Disabled access credit		See the Shareholder's Instructions
K Empowerment zone and renewal community employment credit		Form 8844, line 3
14 Foreign transactions		
A Name of country or U.S. possession		Form 1116, Part I
B Gross income from all sources		Form 1116, Part I
C Gross income sourced at shareholder level		Form 1116, Part I
Foreign gross income sourced at corporate level		
D Passive category		Form 1116, Part I
E General category		Form 1116, Part I
F Other		Form 1116, Part I
Deductions allocated and apportioned at shareholder level		
G Interest expense		Form 1116, Part I
H Other		Form 1116, Part I
Deductions allocated and apportioned at corporate level to foreign source income		
I Passive category		Form 1116, Part I
J General category		Form 1116, Part I
K Other		Form 1116, Part I
Other information		
L Total foreign taxes paid		Form 1116, Part II
M Total foreign taxes accrued		Form 1116, Part II
N Reduction in taxes available for credit		Form 1116, line 12
O Foreign trading gross receipts		Form 8873
P Extraterritorial income exclusion		Form 8873
Q Other foreign transactions		See the Shareholder's Instructions
15 Alternative minimum tax (AMT) items		
A Post-1986 depreciation adjustment		See the Shareholder's Instructions and the Instructions for Form 6251
B Adjusted gain or loss		See the Shareholder's Instructions and the Instructions for Form 6251
C Depletion (other than oil & gas)		See the Shareholder's Instructions and the Instructions for Form 6251
D Oil, gas, & geothermal — gross income		See the Shareholder's Instructions and the Instructions for Form 6251
E Oil, gas, & geothermal — deductions		See the Shareholder's Instructions and the Instructions for Form 6251
F Other AMT items		See the Shareholder's Instructions and the Instructions for Form 6251
16 Items affecting shareholder basis		
A Tax-exempt interest income		Form 1040, line 8b
B Other tax-exempt income		Form 1040, line 8b
C Nondeductible expenses		See the Shareholder's Instructions
D Property distributions		See the Shareholder's Instructions
E Repayment of loans from shareholders		See the Shareholder's Instructions
17 Other information		
A Investment income		Form 4952, line 4a
B Investment expenses		Form 4952, line 5
C Qualified rehabilitation expenditures (other than rental real estate)		See the Shareholder's Instructions
D Basis of energy property		See the Shareholder's Instructions
E Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8
F Recapture of low-income housing credit (other)		Form 8611, line 8
G Recapture of investment credit		See Form 4255
H Recapture of other credits		See the Shareholder's Instructions
I Look-back interest — completed long-term contracts		See Form 8697
J Look-back interest — income forecast method		See Form 8866
K Dispositions of property with section 179 deductions		See the Shareholder's Instructions
L Recapture of section 179 deduction		See the Shareholder's Instructions
M Section 453(i)(3) information		See the Shareholder's Instructions
N Section 453A(c) information		See the Shareholder's Instructions
O Section 1260(b) information		See the Shareholder's Instructions
P Interest allocable to production expenditures		See the Shareholder's Instructions
Q CCF nonqualified withdrawals		See the Shareholder's Instructions
R Information needed to figure depletion — oil and gas		See the Shareholder's Instructions
S Amortization of reforestation costs		See the Shareholder's Instructions
T Other information		See the Shareholder's Instructions

SPSA0412 09/19/07

Schedule K-1 (Form 1120S) 2007

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Schedule K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax

year beginning _____, 2007
ending _____

☐ Final K-1

☐ Amended K-1

671107

OMB No. 1545-0130

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
[REDACTED]

B Corporation's name, address, city, state, and ZIP code
BROADWAY ENTERTAINMENT MARKETING
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401-2466

C IRS Center where corporation filed return
Ogden, UT 84201-0013

Part II Information About the Shareholder

D Shareholder's identifying number
[REDACTED]

E Shareholder's name, address, city, state, and ZIP code
DONALD M. CORLISS, JR.
525 BROADWAY
SUITE 210
SANTA MONICA, CA 90401

F Shareholder's percentage of stock ownership for tax year 4.16500 %

FOR IRS USE ONLY

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits
	-3,589.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
	144.		
4	Interest income		
	989.		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	0.
11	Section 179 deduction	16	Items affecting shareholder basis
		C	477.
12	Other deductions		
A	0.		
		17	Other information
		A	989.

*See attached statement for additional information.

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2007

SPSA0412 09/19/07

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Schedule K-1 (Form 1120S) 2007 BROADWAY ENTERTAINMENT MARKETING

Page 2

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1 Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:		
Passive loss		See the Shareholder's Instructions
Passive income		Schedule E, line 28, column (g)
Nonpassive loss		Schedule E, line 28, column (h)
Nonpassive income		Schedule E, line 28, column (i)
2 Net rental real estate income (loss)		See the Shareholder's Instructions
3 Other net rental income (loss)		
Net income		Schedule E, line 28, column (g)
Net loss		See the Shareholder's Instructions
4 Interest income		Form 1040, line 8a
5a Ordinary dividends		Form 1040, line 9a
5b Qualified dividends		Form 1040, line 9b
6 Royalties		Schedule E, line 4
7 Net short-term capital gain (loss)		Schedule D, line 5, column (f)
8a Net long-term capital gain (loss)		Schedule D, line 12, column (f)
8b Collectibles (28%) gain (loss)		28% Rate Gain Worksheet, line 4 (Schedule D instructions)
8c Unrecaptured section 1250 gain		See the Shareholder's Instructions
9 Net section 1231 gain (loss)		See the Shareholder's Instructions
10 Other Income (loss)		
Code		
A Other portfolio income (loss)		See the Shareholder's Instructions
B Involuntary conversions		See the Shareholder's Instructions
C Section 1256 contracts and straddles		Form 6781, line 1
D Mining exploration costs recapture		See Pub 535
E Other income (loss)		See the Shareholder's Instructions
11 Section 179 deduction		See the Shareholder's Instructions
12 Other deductions		
A Cash contributions (50%)		See the Shareholder's Instructions
B Cash contributions (30%)		
C Noncash contributions (50%)		
D Noncash contributions (30%)		
E Capital gain property to a 50% organization (30%)		
F Capital gain property (20%)		
G Investment interest expense		Form 4952, line 1
H Deductions — royalty income		Schedule E, line 18
I Section 59(e)(2) expenditures		See the Shareholder's Instructions
J Deductions — portfolio (2% floor)		Schedule A, line 23
K Deductions — portfolio (other)		Schedule A, line 28
L Preproductive period expenses		See the Shareholder's Instructions
M Commercial revitalization deduction from rental real estate activities		See Form 8582 Instructions
N Reforestation expense deduction		See the Shareholder's Instructions
O Domestic production activities information		See Form 8903 Instructions
P Qualified production activities income		Form 8903, line 7
Q Employer's Form W-2 wages		Form 8903, line 15
R Other deductions		See the Shareholder's Instructions
13 Credits		
A Low-income housing credit (section 42(j)(5))		See the Shareholder's Instructions
B Low-income housing credit (other)		
C Qualified rehabilitation expenditures (rental real estate)		
D Other rental real estate credits		
E Other rental credits		
F Undistributed capital gains credit		Form 1040, line 70, check box a
G Credit for alcohol used as fuel		See the Shareholder's Instructions
H Work opportunity credit		
I Welfare-to-work credit		
J Disabled access credit		
K Empowerment zone and renewal community employment credit		Form 8844, line 3
Code		
L Credit for increasing research activities		See the Shareholder's Instructions
M New markets credit		
N Credit for employer social security and Medicare taxes		
O Backup withholding		Form 1040, line 64
P Other credits		See the Shareholder's Instructions
14 Foreign transactions		
A Name of country or U.S. possession		Form 1116, Part I
B Gross income from all sources		
C Gross income sourced at shareholder level		
Foreign gross income sourced at corporate level		
D Passive category		Form 1116, Part I
E General category		
F Other		
Deductions allocated and apportioned at shareholder level		
G Interest expense		Form 1116, Part I
H Other		Form 1116, Part I
Deductions allocated and apportioned at corporate level to foreign source income		
I Passive category		Form 1116, Part I
J General category		
K Other		
Other information		
L Total foreign taxes paid		Form 1116, Part II
M Total foreign taxes accrued		Form 1116, Part II
N Reduction in taxes available for credit		Form 1116, line 12
O Foreign trading gross receipts		Form 8873
P Extraterritorial income exclusion		Form 8873
Q Other foreign transactions		See the Shareholder's Instructions
15 Alternative minimum tax (AMT) items		
A Post-1986 depreciation adjustment		See the Shareholder's Instructions and the instructions for Form 6251
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal — gross income		
E Oil, gas, & geothermal — deductions		
F Other AMT items		
16 Items affecting shareholder basis		
A Tax-exempt interest income		Form 1040, line 8b
B Other tax-exempt income		See the Shareholder's Instructions
C Nondeductible expenses		
D Property distributions		
E Repayment of loans from shareholders		
17 Other information		
A Investment income		Form 4952, line 4a
B Investment expenses		Form 4952, line 5
C Qualified rehabilitation expenditures (other than rental real estate)		See the Shareholder's Instructions
D Basis of energy property		See the Shareholder's Instructions
E Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8
F Recapture of low-income housing credit (other)		Form 8611, line 8
G Recapture of investment credit		See Form 4255
H Recapture of other credits		See the Shareholder's Instructions
I Look-back interest — completed long-term contracts		See Form 8597
J Look-back interest — income forecast method		See Form 8866
K Dispositions of property with section 179 deduction		See the Shareholder's Instructions
L Recapture of section 179 deduction		
M Section 453(i)(3) information		
N Section 453A(c) information		
O Section 1260(b) information		
P Interest allocable to production expenditures		
Q CCF nonqualified withdrawals		
R Information needed to figure depletion — oil and gas		
S Amortization of reforestation costs		
T Other information		

SPSA0412 09/19/07

Schedule K-1 (Form 1120S) 2007

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

S Corporation Information Worksheet

2007

► Keep for your records

Part I – Identifying Information

Employer Identification Number .. XXXXXXXXXX Date Incorporated 05/15/1992
Name BROADWAY ENTERTAINMENT MARKETING
Doing Business As
Address 520 BROADWAY, SUITE 660
City SANTA MONICA State CA ZIP Code 90401-2466
Telephone Number (310) 451-7111 Extension
Fax Number (310) 395-7645 E-Mail Address
Tax Shelter Registration Number ..

☐ Eligible for hurricane tax relief legislation benefits

Part II – Tax Year and Filing Information

☒ Calendar year
☐ Fiscal year — Ending month
☐ Short year — Beginning date Ending date
☐ Enrolled in the Electronic Federal Tax Payment System (EFTPS)
IRS Service Center where S Corporation return is filed Ogden, UT 84201-0013

Part III – 2007 1120S Corporation Estimated Tax Paid

Amount of 2006 overpayment credited to 2007 estimated tax			
Payment Quarters	Due Date	Date Paid	Amount Paid
First Quarter Payment	04/17/07		
Second Quarter Payment	06/15/07		
Third Quarter Payment	09/17/07		
Fourth Quarter Payment	12/17/07		
Additional Payment 1			
Additional Payment 2			
Additional Payment 3			
Additional Payment 4			

Part IV – K-1 Information

K-1 Rounding Options

- ☒ Distribute the rounding difference to shareholder with the largest percentage.
☐ Distribute the rounding difference among shareholders.
☐ Do not distribute the rounding difference to any shareholder.

Print Schedules K-1 with tax return?

- ☒ Yes
☐ No

Include page 2 of Schedules K-1 (codes and descriptions) with tax return?

- ☒ Yes
☐ No

BROADWAY ENTERTAINMENT MARKETING

Page 2

Part V – Electronic Filing Information

Electronic Filing:

- ☒ Check this box to file the federal return electronically
☒ Check this box to file the state(s) electronically

* Select the state or states to file electronically.
Multiple states can be entered.

State(s) *
California S Corporation

Practitioner PIN program:

- ☒ Check this box to sign this return electronically using the Practitioner PIN
☐ ERO entered PIN

Officer's PIN (enter any 5 numbers)
Date PIN entered 03/11/2008

Electronic Filing of Extensions:

- ☒ Check this box to file **Form 7004** (application for extension of time to file return) electronically
☐ Check this box to file the state extension(s) electronically (MA, MD & NY only)

* Select the state or states to file electronically.
Multiple states can be entered.

State(s) *

Information required for Electronic Filing:

Officer's Name JERROLD S PRESSMAN

Electronic Filing of Amended Return:

- ☐ Check this box to file **amended return** electronically

QuickZoom to the Electronic Filing Information Worksheet 

Part VI – Direct Deposit or Electronic Funds Withdrawal Information

Yes No

- | | | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Does client want to use direct deposit of any federal tax refund ? |
| <input type="checkbox"/> | <input type="checkbox"/> | Does client want to use electronic funds withdrawal of federal balance due (EF only)? |
| <input type="checkbox"/> | <input type="checkbox"/> | Does client want to use electronic funds withdrawal of Form 7004 balance due (EF only)? |
| <input type="checkbox"/> | <input type="checkbox"/> | Use electronic funds withdrawal of amended return balance due (EF only)? |

If any options selected above, enter information below, **(Review transferred information for accuracy)**

Bank Information

Name of Financial Institution (optional)
Check the appropriate box ☐ Checking ☐ Savings
Routing number
Account number

Payment Information

Enter the payment date to withdraw tax payment
Balance due amount from this return
Enter an amount to withdraw tax payment
If partial payment is made, the remaining balance due

QuickZoom here to Form 1120S, Pages 1 and 2
QuickZoom here to Schedule K-1 Worksheet
QuickZoom here to Client Status

SPSW3501.SCR 09/12/07

Page 1, Line 19

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2007

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Form 1120S

Schedule M-1 Items Worksheet

2007

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Name BROADWAY ENTERTAINMENT MARKETING		Employer Identification No. [REDACTED]		
Income Items:	Description	Per Books	Per Tax Return	Difference (Book - Tax)
Permanent items (tax-exempt income):				
	Tax-exempt interest — in state:			
	Direct Entry From K-1s			
	Tax-exempt interest — out of state			
	Life insurance proceeds			
	Other permanent income items:			
	Gain (Loss) on disposition of Section 179 assets			
	Alcohol used as fuel credit included in income			
Timing (temporary) items:				
	Unearned rent income			
	Unearned income			
	Gain on sale of assets			
	Installment sale income			
	Fuels tax credit included in income			
	Other timing income items:			
Total				
Expense Items:				
	Description	Per Books	Per Tax Return	Difference (Tax - Book)
Permanent items (nondeductible expenses):				
	Disallowed meals and entertainment	11,460.		-11,460.
	Employment credits wage reduction			
	Federal underpayment penalty			
	State underpayment penalty			
	Other fines and penalties			
	Officers' life insurance premiums			
	Interest paid to carry tax-exempt investments			
	Payroll Taxes for Employer SS Tax on Tips Credit			
	Employee benefit reduction credit from Form 8845			
	Small employer pension plan startup costs credit from Form 8881			
	Other expenses related to tax-exempt income			
	Other permanent expense items:			
	Lease inclusion amount - enter as a negative			
Timing (temporary) items:				
	Depreciation and Section 179 expense		3,067.	
	Amortization		0.	
	Depletion other than oil and gas			
	Loss on sale of assets			
	Organizational costs			
	Bad debt expense			
	Prepaid expenses			
	Other timing expense items:			
Total		11,460.	3,067.	-11,460.

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Schedule M-2 / Retained Earnings Worksheet

2007

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Name as Shown on Return

BROADWAY ENTERTAINMENT MARKETING

Employer Identification No.

Analysis of Retained Earnings Accounts

Description	Accumulated adjustments account	Other adjustments account	Shareholders' undistributed taxable income	Accumulated tax/book timing differences	Retained earnings while a C Corporation	Total
Balance at beginning of year...	-1777418					-1777418
Ordinary income (loss)	-86182					
Schedule K additions (Income/Gains):						
NET INCOME FROM OTHER RENTAL	3450					
INTEREST INCOME	23752					
Schedule K reductions (Losses/Deductions):						
Income - Tax exempt						
Deductions - Exempt related						
Schedule M-1 additions:						
Schedule M-1 reductions:						
MEALS AND ENTERTAINMENT	-11460					
Net adjustment for year	-70440					
Net income(loss) per books ...						
Subtotal	-1847858					-70440
AAA without net negative adj.	-1777418					-1847858
Distributions						
Dividends						
Balance at end of tax year	-1847858					-1847858

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Form 4562

BROADWAY ENTERTAINMENT MARKETING
Form 1120S - Line 21

Alternative Minimum Tax Depreciation Report

Tax Year 2007

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2007

Asset Description	Code	Date in Service	Cost (net of land)	Land	Business Use %	Section 179	Special Depreciation Allowance	Depreciable Basis	Life	Method/Convention	Prior Depreciation	Current Depreciation	Adjustment/Preference
DEPRECIATION													
EQUIPMENT		07/01/07	8,199		100.00	8,199			7.00	150DB/HY			
SUBTOTAL CURRENT YEAR			8,199	0		8,199	0					0	0.
FURNITURE AND FIXTURES													
OFFICE EQUIPMENT 7/92		07/01/92	13,477		100.00			13,477	10.00	150DB/HY	13,477	0	0.
COMPUTERS AND EQUIPMENT		07/01/92	869		100.00			869	10.00	150DB/HY	869	0	0.
FURNITURE AND FIXTURES		07/01/93	31,372		100.00			31,372	10.00	150DB/HY	31,372	0	0.
OFFICE EQUIPMENT 7/93		07/01/93	1,637		100.00			1,637	10.00	150DB/HY	1,637	0	0.
FURNITURE AND FIXTURES		07/01/94	1,481		100.00			1,481	10.00	150DB/HY	1,481	0	0.
LEASEHOLD IMPROVEMENTS		07/01/95	6,233		100.00			6,233	10.00	150DB/HY	6,233	0	0.
OFFICE EQUIPMENT 11/95		11/01/95	22,824		100.00			22,824	40.00	SL/MM	6,541	570	15.
LEASEHOLD IMPROVEMENTS		02/01/96	5,498		100.00			5,498	10.00	150DB/HY	5,498	0	0.
FURNITURE AND FIXTURES		03/01/96	2,186		100.00			2,186	40.00	SL/MM	598	55	1.
LEASEHOLD IMPROVEMENTS		05/01/96	1,054		100.00			1,054	10.00	150DB/HY	1,054	0	0.
LEASEHOLD IMPROVEMENTS		06/01/96	1,570		100.00			1,570	40.00	SL/MM	415	39	1.
FURNITURE AND FIXTURES		02/01/97	726		100.00			726	40.00	SL/MM	190	18	0.
VIDEO & STEREO EQUIPMENT		06/28/98	325		100.00			325	10.00	150DB/HY	311	14	-14.
COMPUTER EQUIPMENT		07/01/02	411		100.00	411	0		12.00	150DB/HY	0	0	0.
LEASEHOLD IMPROVEMENTS		07/01/06	993		100.00	993	0		5.00	200DB/HY	0	0	0.
OFFICE EQUIPMENT		07/01/06	92,354		100.00	321		92,354	39.00	SL/MM	1,085	2,368	0.
SUBTOTAL PRIOR YEAR			321	0		1,725	0	181,606	7.00	150DB/HY	0	0	0.
TOTALS			183,331	0		9,924	0	181,606			70,761	3,064	3.
			191,530	0							70,761	3,064	3.

Code: S = Sold, A = Auto, L = Listed, C = COGS

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Form 1120S

Two-Year Comparison

2007

► Keep for your records

Name of Corporation

BROADWAY ENTERTAINMENT MARKETING

Employer Identification Number

Ordinary Income (Loss)	2007		2006		Difference 2007 - 2006	
	Amount	% of Total Income	Amount	% of Total Income	Amount	%
1 a Gross receipts or sales	7,635,071.		6,084,874.		1,550,197.	25.48
b Less returns and allowances						
c Net receipts	7,635,071.		6,084,874.		1,550,197.	25.48
2 Cost of goods sold (Schedule A)	878,776.		736,170.		142,606.	19.37
3 Gross profit	6,756,295.		5,348,704.		1,407,591.	26.32
4 Net gain or loss (Form 4797)						
5 Other income						
6 Total income (loss)	6,756,295.	100.00	5,348,704.	100.00	1,407,591.	26.32
Deductions						
7 Compensation of officers		0.00		0.00		
8 Salaries and wages (less employment credits)	0.	0.00	0.	0.00	0.	
9 Repairs and maintenance	35,555.	0.53	-6,330.	-0.12	41,885.	661.69
10 Bad debts		0.00		0.00		
11 Rents	313,677.	4.64	130,219.	2.43	183,458.	140.88
12 Taxes and licenses	2,227.	0.03	1,177.	0.02	1,050.	89.21
13 Interest		0.00		0.00		
14a Depreciation (Form 4562)	3,067.	0.05	1,785.	0.03	1,282.	71.82
b Depreciation on Schedule A and elsewhere		0.00		0.00		
c Net depreciation	3,067.	0.05	1,785.	0.03	1,282.	71.82
15 Depletion (not oil and gas)		0.00		0.00		
16 Advertising	4,632,724.	68.57	5,550,018.	103.76	-917,294.	-16.53
17 Pension, profit-sharing, etc, plans		0.00		0.00		
18 Employee benefit programs		0.00		0.00		
19 Other deductions	1,855,227.	27.46	358,896.	6.71	1,496,331.	416.93
20 Total deductions	6,842,477.	101.28	6,035,765.	112.85	806,712.	13.37
21 Ordinary income (loss) from trade/business	-86,182.	-1.28	-687,061.	-12.85	600,879.	87.46
Tax						
22a Excess net passive income tax or LIFO recapture		0.00		0.00		
b Tax from Schedule D		0.00		0.00		
Additional taxes		0.00		0.00		
c Total tax		0.00		0.00		
Tax Payments and Credits						
23d Total payments and credits	0.	0.00	0.	0.00	0.	
24 Estimated tax penalty		0.00		0.00		
25 Tax due	0.	0.00	0.	0.00	0.	
26 Overpayment	0.	0.00	0.	0.00	0.	
Schedule K Items:						
Income (Loss)						
1 Ordinary business income (loss)	-86,182.		-687,061.		600,879.	87.46
2 Net rental real estate income (loss)						
3 Other net rental income (loss)						
4 Interest income	3,450.				3,450.	
5a Dividends — ordinary	23,752.		18,728.		5,024.	26.83
b Dividends — qualified						
6 Royalty income						
7 Net short-term capital gain (loss)						
8 Net long-term capital gain (loss)						
9 Net gain (loss) under section 1231						
10 Other income (loss)						

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- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

BROADWAY ENTERTAINMENT MARKETING

Page 2

Schedule K Items (continued):

Deductions	2007	2006	Difference 2007 - 2006	
			Amount	%
11 Section 179 expense deduction				
12a Charitable contributions	0.	200.	-200.	-100.00
b Interest expense on investment debts				
c Section 59(e)(2) expenditures				
d Other deductions				

Credits

13a Low-income housing credit (section 42(j)(5))				
b Low-income housing credit (other)				
c Qualified rehabilitation expenditures (rental real estate) ..				
d Other rental real estate credits				
e Other rental credits				
f Credit for alcohol used as fuel				
g Other credits				

Foreign Taxes

14b Gross income from all sources				
c Gross income sourced at shareholder level				
Foreign gross income sourced at corporate level:				
d Passive				
e Listed categories				
f General limitation				
Deductions allocated and apportioned at shareholder level:				
g Interest expense				
h Other				
Deductions allocated and apportioned at corporate level to foreign source income:				
i Passive				
j Listed categories				
k General limitation				
l Foreign taxes paid or accrued				
m Reduction in taxes available for credit				

Alternative Minimum Tax (AMT) Items

15a Post-1986 depreciation adjustment	3.	-59.	62.	105.08
b Adjusted gain or loss				
c Depletion (other than oil and gas)				
d Oil, gas, and geothermal properties - gross income				
e Oil, gas, and geothermal properties - deductions				
f Other AMT items				

Items Affecting Shareholder Basis

16a Tax-exempt interest income				
b Other tax-exempt income				
c Nondeductible expenses	11,460.	1,060.	10,400.	981.13
d Property distributions				
e Repayment of loans from shareholders				

Other Information

17a Investment income	23,752.	18,728.	5,024.	26.83
b Investment expenses				
c Dividend distributions paid from E & P				
d Income (loss)	-58,980.	-668,533.	609,553.	91.18

Form 1120S

**S Corporation
Five Year Tax History**

2007

► Keep for your records

Name BROADWAY ENTERTAINMENT MARKETING				Employer Identification Number [REDACTED]	
	2003	2004	2005	2006	2007
1 Gross receipts	1,535,749.	2,579,937.	0.	6,084,874.	7,635,071.
2 Cost of sales	0.	489,627.	680.	736,170.	878,776.
3 Gross profit	1,535,749.	2,090,310.	-680.	5,348,704.	6,756,295.
4 Net 4797 gain (loss)					
5 Other income (loss)					
6 Total income (loss)	1,535,749.	2,090,310.	-680.	5,348,704.	6,756,295.
7 Salaries	0.	0.	0.	0.	0.
8 Depreciation	780.	714.	699.	1,785.	3,067.
9 Other deductions ..	1,478,434.	2,100,441.	0.	6,033,980.	6,839,410.
10 Business income ..	56,535.	-10,845.	-1,379.	-687,061.	-86,182.
11 Passive investment income					
12 Passive investment expense					
13 Net passive investment income					
14 Excess net passive income tax					
15 Tax from Schedule D					
16 Additional taxes ...					
17 Tax liability					

SPSW2301.SCR 09/13/07

Form 1120S

Financial Statement Ratio Analysis

2007

► Keep for your records

Name of Corporation

BROADWAY ENTERTAINMENT MARKETING

Employer Identification Number

	2007	2006	U.S. Average
--	------	------	-----------------

Liquidity Ratios

1 Current Ratio	7.4	2.2	
Current Assets/Current Liabilities. Measures ability of the business to meet its current liabilities.			
2 Acid Test (Quick Ratio)	7.4	2.2	
Quick Assets/Current Liabilities. Measures liquidity (conservative estimate). Eliminates assets not readily converted to cash.			

Profitability Ratios

3 Return on Total Assets (ROA)	-6.3	-179.5	
Net Income/Total Assets. Measures how effective business assets are used to produce profit. Prior year amount: Net income -669,593.			
4 Return on Equity (ROE)			
Net Income/Equity. Measures the earning power of the business.			

Leverage Ratios

5 Total Liabilities to Equity			
Total Liabilities/Equity. Measures the relationship between all creditors and owners.			
6 Fixed Assets to Long-Term Liabilities			
Fixed Assets/Long-Term Liabilities. Measures equity and relative ability to increase borrowing.			

Activity Ratios

7 Inventory Turnover			
Net Sales/Average Inventory. Measures how long the current inventory will be in stock and how soon it will be turned into sales. Prior year amounts: Beginning inventory Net sales 6,084,874.			
8 Depreciation to Property Plant and Equipment	2.4	1.5	
Depreciation Expense/PPE. Measures reasonableness and consistency of depreciation over time. Prior year amount: Depreciation expense 1,785.			

IRS e-file Authentication Statement

2007

► Keep for your records

Name(s) Shown on Return

Employer ID Number

BROADWAY ENTERTAINMENT MARKETING

A – Practitioner PIN Authorization

Please indicate how the taxpayer(s) PIN(s) are entered into the program.

Officer(s) entered PIN(s) ☒

ERO entered Officer's PIN ☐

B – Signature of Electronic Return Originator

ERO Declaration:

I declare that the information contained in this electronic tax return is the information furnished to me by the corporation. If the corporation furnished me a completed tax return, I declare that the information contained in this electronic tax return is identical to that contained in the return provided by the corporation. If the furnished return was signed by a paid preparer, I declare I have entered the paid preparer's identifying information in the appropriate portion of this electronic return. If I am the paid preparer, under the penalties of perjury, I declare that I have examined this electronic return, and to the best of my knowledge and belief, it is true, correct, and complete. This declaration is based on all information of which I have any knowledge.

I am signing this Tax Return by entering my PIN below.

ERO's PIN (EFIN followed by any 5 numbers) EFIN Self-Select PIN

C – Signature of Officer

Perjury Statement:

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2007 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete.

Consent to Disclosure:

I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) and acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

Electronic Funds Withdrawal Consent (if applicable):

I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's Federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institution involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

I am signing this Tax Return and Electronic Funds Withdrawal Consent, if applicable, by entering my self-selected PIN below.

Officer's PIN

Date 03/11/2008

Electronic Filing Information Worksheet

► Keep for your records

2007

Name(s) shown on return

BROADWAY ENTERTAINMENT MARKETING

Identifying number

Part I – State Electronic Filing:

Check this box to force state only filing for all states selected to be filed electronically ☐

Part II – Electronic Return Originator Information

The ERO Information below will automatically calculate based on the preparer code entered on the return. If the ERO is not the same as the preparer designated on the return, enter a Preparer Code from the Firm/Preparer Info to assign an ERO to this return.

Check to use ERO name instead of firm name in electronic file and on Forms 8453, 8878A, & 8879 ► ☐

Firm Name

THEODORE P. JONAVIC, CPA

Social Security Number or PTIN

Name

THEODORE P. JONAVIC

Employer Identification Number

Address

5724 SHIRE COURT

Phone Number

Fax Number

(909) 989-7426

(909) 989-4050

City

RANCHO CUCAMONGA

State

CA

ZIP Code

91701

Electronic Filers Identification Number (EFIN)

334657

Country

E-mail Address

Enter a Preparer Code from the Firm/Preparer Info to assign a different ERO to this return. (See Help) _____

Part III – Paid Preparer Information

Firm Name

THEODORE P. JONAVIC, CPA

Social Security Number or PTIN

Name

THEODORE P. JONAVIC

Employer Identification Number

Address

5724 SHIRE COURT

Phone Number

Fax Number

(909) 989-7426

(909) 989-4050

City

RANCHO CUCAMONGA

State

CA

ZIP Code

91701

E-mail Address

If your firm is **ONLY** the ERO and the return being transmitted was not prepared by your firm, enter a preparer code from the Alternative EF Preparer Information to assign a paid preparer. (See Help) ... ► _____

Part IV – Amended Returns

Enter the payment date to withdraw tax payment ► _____

Amount you are paying with the amended return ► _____

☐ Check this box to file another **amended return** electronically

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- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

BROADWAY ENTERTAINMENT MARKETING [REDACTED]

1

Form 1120S, Page 1, Line 19

Other Deductions

ACCOUNTING	352,000.
AUTOMOBILE AND TRUCK EXPENSE	13,874.
BANK CHARGES	826.
COMMISSIONS	1,784.
DELIVERY AND FREIGHT	2,391.
DUES AND SUBSCRIPTIONS	545.
EQUIPMENT RENT	8,064.
INSURANCE	4,873.
LEGAL AND PROFESSIONAL	395,260.
MEALS AND ENTERTAINMENT (50%)	11,460.
MISCELLANEOUS	806.
OFFICE EXPENSE	12,602.
OUTSIDE SERVICES	988,000.
PARKING FEES AND TOLLS	21,193.
PRINTING	1,951.
TELEPHONE	21,078.
COMPUTER RELATED EXPENSES	13,780.
CELL PHONE EXPENSES	4,128.
LONG DISTANCE CHARGES	612.
Total	<u>1,855,227.</u>

Form 1120S, Page 2, Schedule A, Line 5

Schedule A, Other Costs

MATERIALS AND SUPPLIES	0.
REBILLABLE EXPENSES	0.
OTHER COSTS	49,555.
PROFESSIONAL MARKETING FEES	0.
PRODUCTION EXPENSES KEY CLUB	786,945.
CELEBRITY EDGE EXPENSES	42,276.
Total	<u>878,776.</u>

Other Current Assets:

1120S, Schedule L, Line 6

Other Current Assets:	Beginning of tax year	End of tax year
PREPAID ROYALTY COSTS		
DUE FROM ICE SPECIALTY ENTERTAINMENT		
DUE FROM SANDBOX ENTERTAINMENT		
PREPAID LICENSE COSTS		
DUE FROM HOLLYWOOD EDGE		
DUE FROM EPD		
DUE FROM BREAKING OUT		-13,330.
DUE FROM BRISSON INTERNATIONAL		
DUE FROM RBR		
DUE FROM SC CLUB, LP		
DEPOSITS IN TRANSIT		
DUE FROM EMPLOYEES		
DUE FROM ISE		
DUE FROM TPT		
DUE FROM JSP PROPERTIES		479,501.
- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -		-100,436.

BROADWAY ENTERTAINMENT MARKETING [REDACTED]

2

Other Current Assets:
1120S, Schedule L, Line 6

Continued

Other Current Assets:	Beginning of tax year	End of tax year
DUE FROM JOHN RICHARDSON		182,296.
DUE FROM BFS		112,810.
DUE FROM MC ENT		518.
DUE FROM PLUSH LV		23,976.
Total		<u>685,335.</u>

Other Investments:
1120S, Schedule L, Line 9

Other Investments:	Beginning of tax year	End of tax year
OTHER INVESTMENTS		202,150.
Total		<u>202,150.</u>

Other Assets:
1120S, Schedule L, Line 14

Other Assets:	Beginning of tax year	End of tax year
SECURITY DEPOSITS		16,507.
STATE OF CALIFORNIA = FTB/SOS		
Total		<u>16,507.</u>

Other Current Liabilities:
1120S, Schedule L, Line 18

Other Current Liabilities:	Beginning of tax year	End of tax year
ACCRUED INTEREST PAYABLE		
ACCRUED ROYALTIES PAYABLE		
OTHER LIABILITIES	88,953.	88,953.
SECURITY DEPOSITS		1,540.
Total	<u>88,953.</u>	<u>90,493.</u>

Form 1120S, Page 4, Schedule M-2, Line 3
Schedule M-2, Other Additions

NET INCOME FROM OTHER RENTAL	3,450.	
INTEREST INCOME	23,752.	
Total	<u>27,202.</u>	

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BROADWAY ENTERTAINMENT MARKETING

3

Form 1120S, Page 4, Schedule M-2, Line 5

Schedule M-2, Other Reductions

MEALS AND ENTERTAINMENT	11,460.	
Total	<u>11,460.</u>	

Schedule K Reconciliation

Pro rata share items

Lines 1 thru 15a

Shareholder	-1- Ordinary Income	-3c- Rental Other	-4- Interest Income	-12a- Charit. Contrib.	-15a- Deprec. Adjust.
JERROLD S. PRESSMAN (95.84%)	-82,593	3,306	22,763	0	3
DONALD M. CORLISS, JR. (4.17%)	-3,589	144	989	0	0
Total	<u>-86,182</u>	<u>3,450</u>	<u>23,752</u>	<u>0</u>	<u>3</u>

Schedule K Reconciliation

Pro rata share items

Lines 16c thru 18

Shareholder	-16c- Non-ded. Expenses	-17a- Investment Income	-18- Total Income		
JERROLD S. PRESSMAN (95.84%)	10,983	22,763	-56,524		
DONALD M. CORLISS, JR. (4.17%)	477	989	-2,456		
Total	<u>11,460</u>	<u>23,752</u>	<u>-58,980</u>		

BROADWAY ENTERTAINMENT MARKETING [REDACTED]

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Supporting Statement of:

Form 1120S p1-2/Line 9

Description	Amount
CELEBRITY EDGE	
GENERAL OFFICE EXPENSE	14,972.
TELEPHONE REPAIR AND INSTALLATION	20,583.
Total	35,555.

Supporting Statement of:

Form 1120S p1-2/Prop Taxes

Description	Amount
571-L	
REAL ESTATE	
PROPERTY TAX	207.
Total	207.

Supporting Statement of:

Form 1120S p1-2/Licenses

Description	Amount
SECRETARY OF STATE	
PERMITS AND LICENSES	
BUSINESS LICENSE	324.
Total	324.

Supporting Statement of:

Form 1120S p1-2/Meals and Ent 50% allow.

Description	Amount
CELEBRITY EDGE	
GENERAL EXPENSE FOR ENTERTAINMENT & MEALS	22,920.
CELEBRITY EDGE PROMO MEALS	
Total	22,920.

BROADWAY ENTERTAINMENT MARKETING [REDACTED]

5

Supporting Statement of:

Two Year Comparison/Line 9 - prior year

Description	Amount
CELEBRITY EDGE	
GENERAL OFFICE EXPENSE	-6,330.
Total	<u>-6,330.</u>

BROADWAY ENTERTAINMENT MARKETING [REDACTED]


Form 1120S p1-2: Income Tax Return for an S Corporation

Officer Compensation/Salaries and Wages (less employment credits) Smart Worksheet

	To Line 7	To Line 8
A Officers' compensation/salaries and wages		0.
Less:		
B Work Opportunity Credit (Form 5884)		
C Empowerment Zone Employment Credit (Form 8844)		
D Indian Employment Credit (Form 8845)		
E Welfare-to-Work Credit (Form 8861)		
F Total Employment Credits		




Form 1120S p1-2: Income Tax Return for an S Corporation

Taxes and Licenses Smart Worksheet

A State franchise or income taxes	1,696.
B Local property taxes	207.
C1 Payroll taxes	
2 Less: Credit from Form 8846	
D Other miscellaneous taxes	
E Licenses	324.
F Built-In Gains tax allocated to ordinary income -- SEE TAX HELP	
Click here  Enter amount from tax allocation wks here	

Form 1120S p1-2: Income Tax Return for an S Corporation

Depreciation Smart Worksheet

A To enter assets, QuickZoom to Asset Entry Worksheet	
B To view a calculated report of all depreciation information, QuickZoom to Depreciation Reports	
C QuickZoom to Form 4562	
Total Depreciation	3,067.
Depreciation claimed on Schedule A and elsewhere on return	

Form 1120S p1-2: Income Tax Return for an S Corporation

Meals and Entertainment Smart Worksheet



Meals and entertainment:

A Subject to 50% limit	22,920.
B Subject to 75% limit	
C NOT subject to limit, 100% allowable	
The allowable percentage of the above lines will transfer into line 19	

BROADWAY ENTERTAINMENT MARKETING [REDACTED]

Form 1120S p1-2: Income Tax Return for an S Corporation

Other Rental Activities Smart Worksheet

A Gross income from other rental activities 3,450.
B Gain or loss from Form 4797, line 17
C Other net rental income (loss) from Schedule K-1 (Form 1065) Worksheet
QuickZoom to Form 4797, line 17 ➡ 
QuickZoom to Schedule K-1 (Form 1065) Worksheet ➡ 

Form 1120S p3-4: Income Tax Return for an S Corporation

Nondeductible Expenses Smart Worksheet


A Nondeductible meals and entertainment 11,460.

(Caution: If you use the Schedule M-1 Items Worksheet, enter
any other nondeductible expenses there, Not below.)

B Other nondeductible expenses:

Form 1120S p3-4: Income Tax Return for an S Corporation

Schedule M-1 Smart Worksheet

To use optional M-1 items worksheet, QuickZoom here ➡ 
Program will complete Schedule M-1, lines 2 through 8, from entries on M-1 items worksheet.

Computed Net Income (Loss) per books

A Income (loss) per return from Schedule K, line 18 -58,980.
B Income item tax/book differences from M-1 items worksheet
C Expense item tax/book differences from M-1 items worksheet -11,460.
D Net tax/book differences (combine lines B and C) -11,460.
E Computed net income (loss) per books (combine lines A and D) -70,440.
F Use amount on line E for Schedule M-1, line 1? ☐ Yes ☒ No

Form 7004: Application for Automatic Extension

Filing Address Smart Worksheet

Minimum information needed to determine filing address:

Enter two letter state abbreviation for location of principal business, office, or agency CA
If this return is for a Corporation, an S Corporation, or a Partnership then, are total assets at
the end of the tax year \$10 million or more? (If Fiduciary, answer 'No')... ☐ Yes ☒ No

Send Form 7004 to: Filed electronically - do not mail

Ogden, UT 84201-0045

BROADWAY ENTERTAINMENT MARKETING [REDACTED]

Schedule M-1 Items Worksheet

Schedule M-1 Display Options Smart Worksheet

Display book and tax return amounts on Schedule M-1 ☐
Display only difference amounts on Schedule M-1 ☒

Schedule M-1 Items Worksheet

Book Depreciation and Amortization Options Smart Worksheet

Are depreciation and amortization for book purposes the same
as depreciation and amortization for tax purposes? ☐ Yes ☒ No
If No, enter book amounts below

Schedule M-1 Items Worksheet

Computed Net Income (Loss) Per Books Smart Worksheet

A	Income(loss) per return (Schedule K, line 18)	-58,980.
B	Income item tax/book differences	
C	Expense item tax/book differences	-11,460.
D	Net tax/book differences (combine lines B and C)	-11,460.
E	Computed net income (loss) per books (combine lines A and D)	-70,440.

Schedule M-2 / Retained Earnings Wks

Schedule M-2/Retained Earnings Memo Smart Worksheet

E&P memo information:

A Dividends paid out of E&P
B Ending balance in Earnings and Profits account

Retained Earnings memo information:

C Beginning balance in Retained Earnings from Schedule L, Line 24, column b -1,296,684.
D Plus Net Income (Loss) -67,375.
E Less Dividends and Distributions
F Ending balance in Retained Earnings to Schedule L, Line 24, column d -1,364,059.
G Distributions in excess of Retained Earnings

Exhibit 41

BEM Income Tax Return for 2008

1089

Form **1120S**Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return for an S Corporation**▶ Do not file this form unless the corporation has filed or is
attaching Form 2553 to elect to be an S corporation.
▶ See separate instructions.

OMB No. 1545-0130

2008

For calendar year 2008 or tax year beginning ending

A S election effective date 6/15/92	Use IRS label. Other- wise, print or type.	Name BROADWAY ENTERTAINMENT MARKETING	D Employer identification number [REDACTED]
B Business activity code number (see instructions) [REDACTED]		Number, street, and room or suite no. If a P.O. box, see instructions. 520 BROADWAY, SUITE 660	E Date incorporated 5/15/1992
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code SANTA MONICA CA 90401-2466	F Total assets (see instructions) \$ 1,106,046

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change
(4) ☒ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year **1**

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales 4,949,661	b Less returns and allowances	c Bal ▶	1c	4,949,661
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	4,949,661
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4	
	5 Other income (loss) (see instructions—attach statement)			5	
	6 Total income (loss). Add lines 3 through 5			6	4,949,661
Deductions (see instructions for limitations)	7 Compensation of officers			7	
	8 Salaries and wages (less employment credits)			8	
	9 Repairs and maintenance			9	9,785
	10 Bad debts			10	
	11 Rents			11	353,330
	12 Taxes and licenses			12	1,069
	13 Interest			13	
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)			14	3,068
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	4,586,321
	17 Pension, profit-sharing, etc., plans			17	
	18 Employee benefit programs			18	
	19 Other deductions (attach statement) See Stmt 1			19	1,450,561
	20 Total deductions. Add lines 7 through 19			20	6,404,134
	21 Ordinary business income (loss). Subtract line 20 from line 6			21	-1,454,473
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a			
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b (see instructions for additional taxes)			22c	
	23a 2008 estimated tax payments and 2007 overpayment credited to 2008	23a			
	b Tax deposited with Form 7004	23b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d Add lines 23a through 23c			23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
	27 Enter amount from line 26 Credited to 2009 estimated tax ▶ Refunded ▶			27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ NoSignature of officer **KEITH PRESSMAN**

Date

PRESIDENT

Title

Preparer's
signature**THEODORE P. JONAVIC**

Date

Check if
self-employed ☐

Preparer's SSN or PTIN

**Paid
Preparer's
Use Only**Firm's name (or
yours if self-employed)**Yoss Allen Jonavic**

address, and ZIP code

**414 Yale Ave Ste I
Claremont, CA****91711-4357**

EIN

Phone no.

909-621-3023

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2008)

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Form 1120S (2008) **BROADWAY ENTERTAINMENT MARKETING**

Page 2

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory: (i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☒ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d ☐

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2 See the instructions and enter the: a Business activity ▶ SERVICE b Product or service ▶ MARKETING AND PROM		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		<input checked="" type="checkbox"/>
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. <input type="checkbox"/>		
6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		<input checked="" type="checkbox"/>

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	1 -1,454,473
2 Net rental real estate income (loss) (attach Form 8825)	2 35,850
3a Other gross rental income (loss)	3a
b Expenses from other rental activities (attach statement)	3b
c Other net rental income (loss). Subtract line 3b from line 3a	3c
4 Interest income	4
5 Dividends: a Ordinary dividends	5a
b Qualified dividends	5b
6 Royalties	6
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
b Collectibles (28%) gain (loss)	8b
c Unrecaptured section 1250 gain (attach statement)	8c
9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type ▶	10

Form 1120S (2008)

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Form 1120S (2008) BROADWAY ENTERTAINMENT MARKETING		Page 3	
Shareholders' Pro Rata Share Items (continued)			Total amount
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions Stmt	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)	
	d Other deductions (see instructions) Type	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type	13d	
	e Other rental credits (see instructions) Type	13e	
	f Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type	13g	
Foreign Transactions	14a Name of country or U.S. possession		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level	14c	
	Foreign gross income sourced at corporate level		
	d Passive category	14d	
	e General category	14e	
	f Other (attach statement)	14f	
	Deductions allocated and apportioned at shareholder level		
	g Interest expense	14g	
	h Other	14h	
	Deductions allocated and apportioned at corporate level to foreign source income		
	i Passive category	14i	
	j General category	14j	
k Other (attach statement)	14k		
Other information			
l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l		
m Reduction in taxes available for credit (attach statement)	14m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) items	15a Post-1986 depreciation adjustment	15a	17
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties-gross income	15d	
	e Oil, gas, and geothermal properties-deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	4,881
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-1,418,623

Form 1120S (2008)

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Form 1120S (2008) **BROADWAY ENTERTAINMENT MARKETING**

Page 4

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		-16,999		-77,066
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	((
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement) Stmt 2		685,335		790,991
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement) Stmt 3		202,150		202,150
10a	Buildings and other depreciable assets	128,149		191,530	
b	Less accumulated depreciation	(20,307	107,842	(87,032	104,498
11a	Depletable assets				
b	Less accumulated depletion	((
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	68,966		68,966	
b	Less accumulated amortization	(68,966	(68,966
14	Other assets (attach statement) Stmt 4		16,507		16,507
15	Total assets		1,063,801		1,106,046
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				552,802
18	Other current liabilities (attach statement) Stmt 5		90,493		97,923
19	Loans from shareholders		2,017,367		2,699,884
20	Mortgages, notes, bonds payable in 1 year or more				223,000
21	Other liabilities (attach statement)				
22	Capital stock		5,000		5,000
23	Additional paid-in capital		315,000		315,000
24	Retained earnings		-1,364,059		-2,787,563
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	((
27	Total liabilities and shareholders' equity		1,063,801		1,106,046

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

1	Net income (loss) per books	-1,423,504	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$	4,881			
		4,881	7	Add lines 5 and 6	
4	Add lines 1 through 3	-1,418,623	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-1,418,623

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-1,364,059	
2	Ordinary income from page 1, line 21		
3	Other additions Stmt 6	35,850	
4	Loss from page 1, line 21	(1,454,473	
5	Other reductions Stmt 7	(4,881	
6	Combine lines 1 through 5	-2,787,563	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-2,787,563	

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Form 1120S (2008)

11090

Form **8825**
(Rev. December 2006)
Department of the Treasury
Internal Revenue Service

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

▶ See instructions on back.

OMB No. 1545-1186

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name

BROADWAY ENTERTAINMENT MARKETING

Employer identification number

1 Show the kind and location of each property. See page 2 to list additional properties.

OFFICE RENT

A

B

C

D

Rental Real Estate Income		Properties			
		A	B	C	D
2	Gross rents	2	35,850		
Rental Real Estate Expenses					
3	Advertising	3			
4	Auto and travel	4			
5	Cleaning and maintenance	5			
6	Commissions	6			
7	Insurance	7			
8	Legal and other professional fees	8			
9	Interest	9			
10	Repairs	10			
11	Taxes	11			
12	Utilities	12			
13	Wages and salaries	13			
14	Depreciation (see instructions)	14			
15	Other (list) ▶	15			
16	Total expenses for each property. Add lines 3 through 15	16			

17	Total gross rents. Add gross rents from line 2, columns A through H	17	35,850
18	Total expenses. Add total expenses from line 16, columns A through H	18	
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19	
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a	
b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:		
	(1) Name		
	(2) Employer identification number		
21	Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4	21	35,850

For Paperwork Reduction Act Notice, see back of form.
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Form **8825** (12-2006)

OMB No. 1545-0130

11090

Form **4562**Department of the Treasury
Internal Revenue Service

(99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2008Attachment
Sequence No. **67**

Name(s) shown on return

BROADWAY ENTERTAINMENT MARKETING

Identifying number

Business or activity to which this form relates

Regular Depreciation**Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	8,520
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	0
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12	13	8,520

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	3,068
----	--	----	-------

18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ☐**Section B—Assets Placed in Service During 2008 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property						
h Residential rental property			25 yrs.		S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20a Class life					
b 12-year				S/L	
c 40-year			12 yrs.	S/L	
			40 yrs.	MM	S/L

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	3,068
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

DAA

There are no amounts for Page 2

Form 4562 (2008)

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1390

Income and Expenses

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

11090

Form 1120S		Summary Rent Worksheet		2008
		For calendar year 2008 or tax year beginning , ending		

Name

Employer Identification Number

BROADWAY ENTERTAINMENT MARKETING

	Rental Real Estate	Other Rental	Royalty
OFFICE RENT	35,850		
Grand Total	35,850	0	0

11090 BROADWAY ENTERTAINMENT MARKETING

Federal Statements

FYE: 12/31/2008

Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
SHRED SCHOOL	\$ 360
PRODUCTION EXPENSES	813,000
AUTO EXPENSES	12,497
BANK CHARGES	1,407
CELEBRITY EDGE EXPENSES	11,119
COMPUTER EXPENSES	13,344
CONTRACT LABOR	3,743
POSTAGE AND DELIVERY COSTS	2,499
DUES & SUBSCRIPTIONS	338
INSURANCE COSTS	3,519
EQUIPMENT LEASES	10,667
CONSULTING FEES	500,000
LEGAL FEES	247
OFFICE SUPPLIES	11,007
PARKING COSTS	18,756
PRINTING COSTS	2,647
STORAGE COSTS	77
MISCELLANEOUS COSTS	11,417
CELL PHONE COSTS	4,057
LAND LINE PHONE COSTS	24,543
OTHER PHONE COSTS	435
50% of Meals & Entertainment	4,882
Total	\$ <u>1,450,561</u>

11090 BROADWAY ENTERTAINMENT MARKETING

Federal Statements

FYE: 12/31/2008

Statement 2 - Form 1120S, Page 4, Schedule L, Line 6 - Other Current Assets

Description	Beginning of Year	End of Year
DUE FROM EPD	\$ -13,330	\$ 8,304
DUE FROM TPT	479,501	479,501
DUE FROM JSP PROPERTIES	-100,436	-70,436
DUE FROM JOHN RICHARDSON	182,296	182,296
DUE FROM BFS	112,810	112,810
DUE FROM MC ENT	518	518
DUE FROM PLUSH LV	23,976	23,976
DUE FROM OTHERS		54,022
Total	\$ 685,335	\$ 790,991

Statement 3 - Form 1120S, Page 4, Schedule L, Line 9 - Other Investments

Description	Beginning of Year	End of Year
OTHER INVESTMENTS	\$ 202,150	\$ 202,150
Total	\$ 202,150	\$ 202,150

Statement 4 - Form 1120S, Page 4, Schedule L, Line 14 - Other Assets

Description	Beginning of Year	End of Year
SECURITY DEPOSITS	\$ 16,507	\$ 16,507
Total	\$ 16,507	\$ 16,507

Statement 5 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

Description	Beginning of Year	End of Year
OTHER LIABILITIES	\$ 88,953	\$ 92,083
SECURITY DEPOSITS	1,540	5,840
Total	\$ 90,493	\$ 97,923

Statement 6 - Form 1120S, Page 4, Schedule M-2, Line 3(a) - Other Additions

Description	Amount
Net Real Estate Income	\$ 35,850
Total	\$ 35,850

11090 BROADWAY ENTERTAINMENT MARKETING

Federal Statements

FYE: 12/31/2008

Statement 7 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

<u>Description</u>	<u>Amount</u>
Disallowed Entertainment Exp	\$ 4,881
Total	\$ 4,881

11090 BROADWAY ENTERTAINMENT MARKETING

[REDACTED]

Federal Statements

FYE: 12/31/2008

KEITH PRESSMAN

[REDACTED]

Schedule K-1, Box 16, Code C - Nondeductible Expenses

<u>Description</u>	<u>Amount</u>
Page 1 Meals/Entertainment	\$ 4,881
Total	<u>\$ 4,881</u>

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

11090 BROADWAY ENTERTAINMENT MARKETING

Shareholder Rental Report

FYE: 12/31/2008

KEITH PRESSMAN

Schedule K-1, Rental Real Estate, Other Rental and Royalties

Description	Rental Real Estate Box 2	Other Rental Box 3	Royalties Box 6
OFFICE RENT	35,850		
Shareholder Total	35,850	0	0

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

11090 BROADWAY ENTERTAINMENT MARKETING

Federal Asset Report

FYE: 12/31/2008

Form 1120S, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:										
3	LEASEHOLD IMPROVEMENTS 7/95	7/01/95	22,824				22,824	39 MMS/L	7,289	585
4	LEASEHOLD IMPROVEMENTS 2/96	2/01/96	2,186				2,186	39 MMS/L	667	56
5	LEASEHOLD IMPROVEMENTS 5/96	5/01/96	1,570				1,570	39 MMS/L	467	40
6	LEASEHOLD IMPROVEMENTS 6/96	6/01/96	726				726	39 MMS/L	218	19
7	FURNITURE AND FIXTURES 7/92	7/01/92	13,477				13,477	7 HY 200DB	13,477	0
	Out Of Service: 1/01/08									
8	OFFICE EQUIPMENT 7/92	7/01/92	869				869	7 HY 200DB	869	0
	Out Of Service: 1/01/08									
9	FURNITURE AND FIXTURES 7/93	7/01/93	1,637				1,637	7 HY 200DB	1,637	0
	Out Of Service: 1/01/08									
10	OFFICE EQUIPMENT 7/93	7/01/93	1,481				1,481	7 HY 200DB	1,481	0
	Out Of Service: 1/01/08									
11	FURNITURE AND FIXTURES 7/94	7/01/94	6,233				6,233	7 HY 200DB	6,233	0
	Out Of Service: 1/01/08									
12	FURNITURE AND FIXTURES 3/96	3/01/96	1,054				1,054	7 HY 200DB	1,054	0
	Out Of Service: 1/01/08									
13	FURNITURE AND FIXTURES 2/97	2/01/97	325				325	7 HY 200DB	325	0
	Out Of Service: 1/01/08									
14	COMPUTERS AND EQUIPMENT 7/92	7/01/92	31,372				31,372	7 HY 200DB	31,372	0
	Out Of Service: 1/01/08									
15	OFFICE EQUIPMENT 11/95	11/01/95	5,498				5,498	7 HY 200DB	5,498	0
	Out Of Service: 1/01/00									
16	VIDEO & STEREO EQUIPMENT 98	6/28/98	411		X		0	7 HY 200DB	411	0
	Out Of Service: 1/01/08									
17	COMPUTER EQUIPMENT	7/01/02	993		X	X	0	5 HY 200DB	993	0
	Out Of Service: 1/01/08									
18	LEASEHOLD IMPROVEMENTS	7/01/06	92,354				92,354	39 MMS/L	3,453	2,368
19	OFFICE EQUIPMENT	7/01/06	321		X		0	7 HY 200DB	321	0
20	EQUIPMENT	7/01/07	8,199		X		0	7 HY 200DB	8,199	0
			<u>191,530</u>				<u>181,606</u>		<u>83,964</u>	<u>3,068</u>
Amortization:										
1	LICENSE COSTS	7/01/92	600,000				600,000	5 MOAmort	600,000	0
	Out Of Service: 1/01/08									
2	ORGANIZATION COSTS	7/01/92	30,838				30,838	5 MOAmort	30,838	0
	Out Of Service: 1/01/08									
			<u>630,838</u>				<u>630,838</u>		<u>630,838</u>	<u>0</u>
Grand Totals			822,368				812,444		714,802	3,068
Less: Dispositions			0				0		0	0
Less: Start-up/Org Expense			0				0		0	0
Net Grand Totals			<u>822,368</u>				<u>812,444</u>		<u>714,802</u>	<u>3,068</u>

11090 BROADWAY ENTERTAINMENT MARKETING

Bonus Depreciation Report

FYE: 12/31/2008

Asset	Property Description	Date In Service	Tax Cost	Bus Pct	Tax Sec 179 Exp	Current Bonus	Prior Bonus	Tax - Basis for Depr
<u>Activity: Form 1120S, Page 1</u>								
17	COMPUTER EQUIPMENT	7/01/02	993	100	993	0	0	0
		Form 1120S, Page 1	993		0	0	0	0
		Grand Total	993		0	0	0	0

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11090 BROADWAY ENTERTAINMENT MARKETING

AMT Asset Report

FYE: 12/31/2008

Form 1120S, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:										
3	LEASEHOLD IMPROVEMENTS 7/95	7/01/95	22,824				22,824	40 MMS/L	7,111	571
4	LEASEHOLD IMPROVEMENTS 2/96	2/01/96	2,186				2,186	40 MMS/L	653	55
5	LEASEHOLD IMPROVEMENTS 5/96	5/01/96	1,570				1,570	40 MMS/L	454	39
6	LEASEHOLD IMPROVEMENTS 6/96	6/01/96	726				726	40 MMS/L	208	18
7	FURNITURE AND FIXTURES 7/92	7/01/92	13,477				13,477	10 HY 150DB	13,477	0
	Out Of Service: 1/01/08									
8	OFFICE EQUIPMENT 7/92	7/01/92	869				869	10 HY 150DB	869	0
	Out Of Service: 1/01/08									
9	FURNITURE AND FIXTURES 7/93	7/01/93	1,637				1,637	10 HY 150DB	1,637	0
	Out Of Service: 1/01/08									
10	OFFICE EQUIPMENT 7/93	7/01/93	1,481				1,481	10 HY 150DB	1,481	0
	Out Of Service: 1/01/08									
11	FURNITURE AND FIXTURES 7/94	7/01/94	6,233				6,233	10 HY 150DB	6,233	0
	Out Of Service: 1/01/08									
12	FURNITURE AND FIXTURES 3/96	3/01/96	1,054				1,054	10 HY 150DB	1,054	0
	Out Of Service: 1/01/08									
13	FURNITURE AND FIXTURES 2/97	2/01/97	325				325	10 HY 150DB	325	0
	Out Of Service: 1/01/08									
14	COMPUTERS AND EQUIPMENT 7/92	7/01/92	31,372				31,372	10 HY 150DB	31,372	0
	Out Of Service: 1/01/08									
15	OFFICE EQUIPMENT 11/95	11/01/95	5,498				5,498	10 HY 150DB	5,498	0
	Out Of Service: 1/01/00									
16	VIDEO & STEREO EQUIPMENT 98	6/28/98	411	X			0	12 HY 150DB	411	0
	Out Of Service: 1/01/08									
17	COMPUTER EQUIPMENT	7/01/02	993	X	X		0	5 HY 200DB	993	0
	Out Of Service: 1/01/08									
18	LEASEHOLD IMPROVEMENTS	7/01/06	92,354				92,354	39 MMS/L	3,453	2,368
19	OFFICE EQUIPMENT	7/01/06	321	X			0	7 HY 150DB	321	0
20	EQUIPMENT	7/01/07	8,199	X			0	7 HY 150DB	8,199	0
			<u>191,530</u>				<u>181,606</u>		<u>83,749</u>	<u>3,051</u>
Grand Totals			191,530				181,606		83,749	3,051
Less: Dispositions			0				0		0	0
Net Grand Totals			<u>191,530</u>				<u>181,606</u>		<u>83,749</u>	<u>3,051</u>

11090 BROADWAY ENTERTAINMENT MARKETING

Depreciation Adjustment Report

FYE: 12/31/2008

All Business Activities

Form	Unit	Asset	Description	Tax	AMT	AMT Adjustments/ Preferences
MACRS Adjustments:						
Page 1	1	3	LEASEHOLD IMPROVEMENTS 7/95	585	571	14
Page 1	1	4	LEASEHOLD IMPROVEMENTS 2/96	56	55	1
Page 1	1	5	LEASEHOLD IMPROVEMENTS 5/96	40	39	1
Page 1	1	6	LEASEHOLD IMPROVEMENTS 6/96	19	18	1
Page 1	1	7	FURNITURE AND FIXTURES 7/92	0	0	0
Page 1	1	8	OFFICE EQUIPMENT 7/92	0	0	0
Page 1	1	9	FURNITURE AND FIXTURES 7/93	0	0	0
Page 1	1	10	OFFICE EQUIPMENT 7/93	0	0	0
Page 1	1	11	FURNITURE AND FIXTURES 7/94	0	0	0
Page 1	1	12	FURNITURE AND FIXTURES 3/96	0	0	0
Page 1	1	13	FURNITURE AND FIXTURES 2/97	0	0	0
Page 1	1	14	COMPUTERS AND EQUIPMENT 7/92	0	0	0
Page 1	1	15	OFFICE EQUIPMENT 11/95	0	0	0
Page 1	1	16	VIDEO & STEREO EQUIPMENT 98	0	0	0
Page 1	1	17	COMPUTER EQUIPMENT	0	0	0
Page 1	1	18	LEASEHOLD IMPROVEMENTS	2,368	2,368	0
Page 1	1	19	OFFICE EQUIPMENT	0	0	0
Page 1	1	20	EQUIPMENT	0	0	0
				<u>3,068</u>	<u>3,051</u>	<u>17</u>

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11090 BROADWAY ENTERTAINMENT MARKETING

Future Depreciation Report FYE: 12/31/09

FYE: 12/31/2008

Form 1120S, Page 1

Asset	Description	Date In Service	Cost	Tax	AMT
Prior MACRS:					
3	LEASEHOLD IMPROVEMENTS 7/95	7/01/95	22,824	585	571
4	LEASEHOLD IMPROVEMENTS 2/96	2/01/96	2,186	56	55
5	LEASEHOLD IMPROVEMENTS 5/96	5/01/96	1,570	40	39
6	LEASEHOLD IMPROVEMENTS 6/96	6/01/96	726	19	18
7	FURNITURE AND FIXTURES 7/92	7/01/92	13,477	0	0
8	OFFICE EQUIPMENT 7/92	7/01/92	869	0	0
9	FURNITURE AND FIXTURES 7/93	7/01/93	1,637	0	0
10	OFFICE EQUIPMENT 7/93	7/01/93	1,481	0	0
11	FURNITURE AND FIXTURES 7/94	7/01/94	6,233	0	0
12	FURNITURE AND FIXTURES 3/96	3/01/96	1,054	0	0
13	FURNITURE AND FIXTURES 2/97	2/01/97	325	0	0
14	COMPUTERS AND EQUIPMENT 7/92	7/01/92	31,372	0	0
15	OFFICE EQUIPMENT 11/95	11/01/95	5,498	0	0
16	VIDEO & STEREO EQUIPMENT 98	6/28/98	411	0	0
17	COMPUTER EQUIPMENT	7/01/02	993	0	0
18	LEASEHOLD IMPROVEMENTS	7/01/06	92,354	2,368	2,368
19	OFFICE EQUIPMENT	7/01/06	321	0	0
20	EQUIPMENT	7/01/07	8,199	0	0
			<u>191,530</u>	<u>3,068</u>	<u>3,051</u>
Amortization:					
1	LICENSE COSTS	7/01/92	600,000	0	0
2	ORGANIZATION COSTS	7/01/92	30,838	0	0
			<u>630,838</u>	<u>0</u>	<u>0</u>
Grand Totals			<u>822,368</u>	<u>3,068</u>	<u>3,051</u>

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Form 1120S	Retained Earnings Reconciliation Worksheet	2008
For calendar year 2008 or tax year beginning _____, ending _____		
Name BROADWAY ENTERTAINMENT MARKETING		Employer Identification Number <div style="background-color: black; width: 100px; height: 1.2em;"></div>

Schedule L - Retained Earnings

Retained Earnings - Unappropriated	-2,787,563
Accumulated Adjustments Account	0
Other Adjustments Account	0
Undistributed Previously Taxed Income	0
 Schedule L, Line 24 - Retained Earnings	 <u>-2,787,563</u>

Schedule M-2 - Retained Earnings

	Accumulated Adjustments Account	Other Adjustments Account	Undistributed Previously Taxed Income	Retained Earnings Unappropriated/ Timing Differences	Total Retained Earnings
Beg Yr Bal	-1,364,059	0	0	0	-1,364,059
Ordinary Inc (Loss)	-1,454,473				-1,454,473
Other Additions	35,850				35,850
Other Reductions	4,881				4,881
Distributions					
 End Yr Bal	 <u>-2,787,563</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>-2,787,563</u>

11090

Form 1120S	Schedule K-1 Summary Worksheet	2008
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Name BROADWAY ENTERTAINMENT MARKETING	Employer Identification Number <div style="background-color: black; width: 100px; height: 1.2em;"></div>
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Shareholder Name KEITH PRESSMAN	SSN/EIN <div style="background-color: black; width: 100px; height: 1.2em;"></div>
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Column A _____

Column B _____

Column C _____

Column D _____

	Schedule K Items	Column A	Column B	Column C	Column D	Sch K Total
1	Ordinary income	-1,454,473				-1,454,473
2	Net rental RE inc	35,850				35,850
3c	Net other rental inc					
4	Interest income					
5a	Ordinary dividends					
5b	Qualified dividends					
6	Royalties					
7	Net ST capital gain					
8a	Net LT capital gain					
8b	Collectibles 28% gain					
8c	Unrecap Sec 1250					
9	Net Sec 1231 gain					
10	Other income (loss)					
11	Sec 179 deduction					
12a	Contributions					
12b	Invest interest exp					
12c	Sec 59(e)(2) exp					
12d	Other deductions					
13a,c	Low-inc house 42j5					
13b,d	Low-inc house other					
13e	Qualif rehab exp					
13f	Rental RE credits					
13g	Other rental credits					
13h	Fuel alcohol credit					
13i	Other credits					
14b	Gross inc all src					
14d-f	Total foreign inc					
14g-k	Total foreign deds					
14l	Total foreign taxes					
14m	Reduct in taxes					
15a	Depr adjustment	17				17
15b	Adjusted gain (loss)					
15c	Depletion					
15d	Inc-oil/gas/geoth					
15e	Ded-oil/gas/geoth					
15f	Other AMT items					
16a	Tax-exempt interest					
16b	Other tax-exempt					
16c	Nonded expense	4,881				4,881
16d	Total property dist					
16e	Shr loan repmts					
17a	Investment income					
17b	Investment expense					
18	Income (loss)	-1,418,623				-1,418,623

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11090 BROADWAY ENTERTAINMENT MARKETING

Federal Statements

FYE: 12/31/2008

Form 1120S, Page 1, Line 1a - Gross Receipts

<u>Description</u>	<u>Amount</u>
CONSULTING FEES	\$ 4,949,661
Total	<u>\$ 4,949,661</u>

Form 1120S, Page 1, Line 12 - Taxes and Licenses

<u>Description</u>	<u>Amount</u>
REAL ESTATE	\$
PROPERTY TAX	173
SECRETARY OF STATE	
PERMITS AND LICENSES	
BUSINESS LICENSE	896
Total	<u>\$ 1,069</u>

11090 BROADWAY ENTERTAINMENT MARKETING

Federal Statements

FYE: 12/31/2008

Form 1120S, Page 3, Schedule K, Line 16c - Nondeductible Expenses

<u>Description</u>	<u>Amount</u>
Page 1 Meals/Entertainment	\$ 4,881
Total	<u>\$ 4,881</u>

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

11090 BROADWAY ENTERTAINMENT MARKETING

Federal Statements

FYE: 12/31/2008

Form 1120S, P4, Sch L, Line 17 - Mortgages, Notes Bonds Pay in Less Than One Yr

Description	Beginning of Year	End of Year
NOTES PAYABLE - ROLANDS BLVD	\$	\$ 75,000
KEP LEGAL TRUST		10,000
SC CLUB LP		467,802
Total	\$ 0	\$ 552,802

Form 1120S, Page 4, Schedule L, Line 19 - Loans from Shareholders

Description	Beginning of Year	End of Year
Loans From Shareholders	\$ 2,017,367	\$ 2,699,884
Total	\$ 2,017,367	\$ 2,699,884

Form 1120S, P4, Sch L, Line 20 - Mortgages, Notes Bonds Pay in One Year or More

Description	Beginning of Year	End of Year
NOTES PAYABLE - JSP PROP	\$	\$ 223,000
Total	\$ 0	\$ 223,000

Form 1120S, Page 4, Schedule L, Line 23 - Additional Paid-In Capital

Description	Beginning of Year	End of Year
Additional Paid-In Capital	\$ 315,000	\$ 315,000
Total	\$ 315,000	\$ 315,000

Exhibit 42

7/8/05 Letter from Kirkland to FTB

John C. Kirkland
Tel. 310.586.7786
Fax 310.586.0286
KirklandJ@gtlaw.com

July 8, 2005

By U.S. Express Mail

Mr. Terence K. Tanner
Offer in Compromise Specialist
State of California Franchise Tax Board
P.O. Box 2952
Sacramento, CA 95812-2952

Subject: Offer in Compromise
Taxpayer: Stretto Enterprises
Account No.: [REDACTED]
Tax Year: 1992
Liability: \$456,443 plus interest
Offer: \$250,000

Dear Mr. Tanner:

Our client, Jerrold Pressman, hereby requests reevaluation of his Offer in Compromise.

In addition, because he was able to obtain a \$250,000 line of credit on his residence, Mr. Pressman hereby increases his offer to \$250,000. (The original offer he submitted in October 2004 noted that Mr. Pressman intended to seek a second mortgage on his residence to obtain the funds to pay the offer. Due to an increase in the property value, he was able to refinance his home in February 2005.)

The following discussion specifically addresses all reasons for denial, and explains the significant documentation which is enclosed to overcome the reasons for denial. As explained below, the denial is based on misapprehensions of Mr. Pressman's actual finances, and incorrect assumptions regarding apparent inferences from the documentation previously provided.

Mr. Pressman also requests an in-person meeting with an OIC Specialist, to explain his complicated financial circumstances, the reasons he does not have the ability to pay his outstanding liability in full, and why the amount offered is more than the Franchise Tax Board can expect to collect within a reasonable period of time.

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1. Mr. Pressman's Background

Mr. Pressman is a 70-year old retiree, deeply in debt, with virtually no current income or unencumbered assets.

Many years ago, he began driving around in a pick-up truck, servicing fire extinguishers for small business owners. Over the course of some 35 years, he was able to gradually build up his own small business, by joining together with other fire extinguisher servicemen.

Over this same period of time he built up substantial debt, primarily for equipment and acquisition costs. He would pay the interest on the debt from the income he generated from his business. In 1992, he sold the business and retired. It was that sale which gave rise to the assessment against his company, Stretto Enterprises, that has led to this offer in compromise.

Mr. Pressman used the proceeds of the sale to pay accrued interest on his debt, and to become a passive investor in real estate projects, almost all of which have been disastrous. Throughout the course of his business life, Mr. Pressman never had any personal experience or connection with real estate ownership, developments or management of properties. So, naturally, he invested all his money in real estate.

Wynton Marsalis has said that the best way to make a small fortune as a jazz musician is to start with a large fortune. Mr. Pressman's experience has, unfortunately, applied an extreme version of that maxim to real estate investing. During his ownership of JSP Properties, Westover Hills and North Hills, he has lost millions, gone substantially deeper into debt, and never received a penny in salary or distribution.

2. American Express Card Statements

[Since he has no source of current income and no ability to borrow more, Mr. Pressman has effectively been living off his credit cards. He charges the business expenses of companies managed by his son to his American Express card, and obtains cash reimbursement from the companies, essentially using his credit card as a line of credit.]

Enclosed is backup data showing that Mr. Pressman's American Express card was used to pay the expenses of S.C. Club, Inc. (Key Club and the Plush Lounge it is the manager of), where the vendors required cash or would not extend credit. By using his credit card, S.C. Club was able to gain an extra 30 days to pay their bills. Enclosed are detailed statements for July, August and September 2004, indicating that these companies were billed back and reimbursed him for those AMEX charges.

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Additionally, enclosed is a copy of a check from Specialty Merchandise Corporation (an unrelated company) reimbursing Mr. Pressman for the Laker tickets referenced in the July 2004 American Express bill, which he was required to sell after owning them for 20 years, since he is unable to afford them.

You will note that, once the company business expenses are deducted, Mr. Pressman's monthly personal expenses were actually only \$1,370.00, \$659.95 and \$1,942.00 for July, August and September 2004, respectively. This does not suggest that Mr. Pressman could enter into an installment agreement to resolve his liability, but rather shows that he cannot.

The monthly expenses of S.C. Club are also no indication that Mr. Pressman has a monthly income. As noted in our letter of March 7, 2005, Mr. Pressman owns a one-third interest in S.C. Club, which has a substantial negative net worth and net loss. (The fact that S.C. Club is asking a minority shareholder to help "float" their monthly expenses is an indication of their financial difficulty.)

Mr. Pressman's credit cards are not paid in full each month, but rather have a steadily increasing outstanding balance. The remaining outstanding balance on Mr. Pressman's AMEX card after making his last monthly payment is approximately \$ _____.

3. Two "Personal" Properties

Mr. Pressman's daughter and her family live in the Hawthorne, CA home. A copy of the lease is enclosed. No rent is shown because there is no cash flow. The monthly rent is \$1,700 per month, and the mortgage payment is \$1,591.15. As shown by the appraisal and mortgage statement previously provided, the home could not be sold for an amount sufficient to pay off the outstanding mortgage balance, realtor fee and closing costs.

The Brentwood, TN property is not a home that anyone could live in. The house was built in 1858, and has stood empty for the past 10 years. No rent is shown because there is no tenant. The property is a contiguous parcel of the undeveloped land owned by JSP Properties (as explained below), that Mr. Pressman was required to purchase out of bankruptcy. However, because it contained a single family residence, Mr. Pressman was able to finance this portion of the land with a residential mortgage with more favorable treatment than a commercial loan. Since it would be cost prohibitive to make the house livable, presumably it will be torn down for development if JSP Properties is ever able to develop or sell the adjacent parcels. As noted by the appraisal and mortgage statement previously provided, this property cannot be sold for an amount sufficient to pay off the outstanding mortgage balance, realtor fee and closing costs. Mr. Pressman has had the property aggressively on the market to sell for the last four years, and has never received any offer sufficient to generate any cash.

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4. JSP Properties, Inc.

A decade ago, Mr. Pressman became a limited partner in Inglehame Farm, L.P., a real estate limited partnership in Tennessee. In order to "get in with no money down" he was induced to guarantee the financing for the purchase of the original properties.

When that group went into bankruptcy, Mr. Pressman was personally on the line for between \$7 and \$8 million of debt, so to protect his interests he was forced to have JSP Properties purchase the property out of bankruptcy by financing the purchase through Beal Bank, which allowed him to pay off the accelerated debt that he was facing. The hope was that the new loan would give enough time to sell off the property to earn enough to ultimately cover the new borrowed funds of close to \$11 million. Mr. Pressman was also required to cross collateralize the loan with his ownership in Westover and North Hills. His expectation was only to preserve his estate, and while he would have liked to have made a profit, it was very clear this could probably not be done. The enclosed bankruptcy court documents clarify Mr. Pressman's transition from passive investor to his involvement in the ultimate purchase of the property.

A group experienced in real estate development manages the company and is in charge of developing and selling the properties. All monies received by JSP Properties are deposited into their business account and are used only to repay the lenders, pay for required bonding and the contractors related to that preparation of the land for sale. The borrowed funds are specifically tied to the development of each lot with the requirement of paying back the borrower a specific portion of the proceeds upon sale or using the funds specifically for construction, bonding, taxes, etc.

As previously stated, Mr. Pressman has never been able to distribute one penny to himself or his family, and any future prospect of doing so is subordinated to the group operating the business on a contingency if and when a profit is ever generated. The business plan contemplated was designed only to pay off the guaranteed debt and hopefully to buy some time and break even at the end. As of this date, some of the property taxes have not been paid and, as of this month, Mr. Pressman is advised that the bank account of JSP Properties, Inc. was overdrawn \$4,800.

[Mr. Pressman feels he was defrauded in the complex financial dealings relating to the Tennessee properties which he was unable to understand and appreciate, given his complete lack of experience with real estate development. He was able to find a trial lawyer in Tennessee to take his case on contingency. Unfortunately, he lost. A copy of the Court of Appeals decision is enclosed for your reference.]

The intertwining of financial interests in JSP Properties does not suggest that Mr. Pressman has the ability to pay more than the amount offered in the OIC, but rather shows that he does not.

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5. North Hills Industrial Park, Inc.

Unfortunately, North Hills Industrial Property came to me under duress and stressful conditions, but the bottom line was clear, that while I have attempted over the years to sell my ownership in the property, the property has no economic value since up to now and in the foreseeable future all of its income only repays creditors, maintenance and interest and there does not seem to be any potential for profit distribution until the year 2008, at which time if and when a distribution can be made, I will, as a minority owner, receive only my portion. The existing majority owners also have no cash flow, so they have no interest in purchasing my ownership especially with covenants contained in the loan agreement that will not allow me to sell it to a third party, but even if I could, no third party would ever buy a minority interest knowing that they could never sell the property unless the other partners agreed and there was no cash flow in the foreseeable future. Not only can't I sell my interest or leverage it, I have absolutely zero leverage since the leverage rests with the majority owners.

6. Borrowing on Personal Residence

As noted above, due to the increasing property values in Southern California, Mr. Pressman has been able to refinance a second mortgage on his home, making available \$250,000 in equity which he can use to pay the OIC.

However, the \$1.5 million and \$600,000 liens recently placed on Mr. Pressman's personal residence do not represent any money received by Mr. Pressman. Rather, they are liens placed on the home as additional security for prior loans.

The \$1.5 million lien against his residence was additional security for a refinancing required to release the North Hills as cross collateral from the Beal Bank loan on JSP Properties. If Mr. Pressman was unable to pay off that loan on the North Hills property, he would have been in default and lost his entire interest, and so was only able to borrow the money in North Hills by reposting it as collateral for the loan, and was further required to place a fourth mortgage on his home in order to secure that loan.

The \$600,000 mortgage was not given in exchange for a new loan, but rather as additional security for a 1991 loan. The note became due and the creditor required as a condition of not calling the million dollar note, to place third mortgage on Mr. Pressman's personal home and obtain second UCC-1 on all of Mr. Pressman's other assets (including any possible future distributions from JSP Properties or North Hills), which he was forced to do to keep from going into default on their note.

Mr. Pressman did not receive either \$1.5 million or \$600,000, and did not have the opportunity to apply these funds towards his taxes.

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7. Future Earning Potential

For the last 10 years after Mr. Pressman sold his business of 35 years, he has had no earning history. Unfortunately, Mr. Pressman does not have the ability to raise money and generate income. If he could, he would.

To the contrary, Mr. Pressman has borrowed substantially and is heavily in debt. The enclosed sampling of promissory notes give an indication of the depth of his financial distress. His borrowings over the years through EPD Investment Co. (originally operated by Mr. Pressman as a sole proprietorship for thirty years, and now operated as an LLC managed and controlled by his son, attorney Keith Pressman, on behalf of the investors) are now tens of millions of dollars, which are personally guaranteed by Mr. Pressman and secured by a lien on his home and a blanket UCC-1 on all his assets. As shown from the enclosed documentation, all of the funds are owed to third parties, many of a fiduciary nature such as banks and IRA accounts. These creditors preclude Mr. Pressman from choosing to apply their funds towards his personal taxes. He simply does not have the actual or legal ability to do so.

Mr. Pressman does not lead an expensive or extravagant lifestyle. Aside from his personal residence (which, fortunately, he has been able to live off the equity of, using it as a source of positive cash flow, rather than a drain), Mr. Pressman has very low monthly personal expenditures. He is unmarried. All of his children are grown. He drives a leased Jeep, as he has for the last 10 years. He is not a member of any club, does not play golf, and does not take vacations. Mr. Pressman is reimbursed for monies that he lays out on behalf of third parties through his credit cards giving him a wash, not a profit.

Because Mr. Pressman has offered to pay towards his taxes all of the money that he has been able to raise, and because of his other creditors and the liens on all his assets the amount offered is more that the Franchise Tax Board can expect to collect within a reasonable period of time, Mr. Pressman requests that his offer in compromise be accepted.

Thank you again for your assistance in this matter. Please feel free to contact me with any questions, or if there is any further information we can provide.

Sincerely,

John C. Kirkland

JCK:mb

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cc: Mr. Jerrold S. Pressman

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Exhibit 43

Undated Letter from Kirkland to FTB

John C. Kirkland
Tel. 310.586.7786
Fax 310.586.0286
KirklandJ@gtlaw.com

By U.S. Express Mail

Mr. Terence K. Tanner
Offer in Compromise Specialist
State of California Franchise Tax Board
P.O. Box 2952
Sacramento, CA 95812-2952

Re: Offer in Compromise

Dear Mr. Tanner:

The purpose of this letter is to respond to your requests for additional information with regard to the previously-submitted OIC. In particular, you have asked us to provide:

1. The percentage interest that Jerrold Pressman owns and controls of each of the entities listed in his tax returns, and the date he first acquired an interest.
2. An explanation of why Mr. Pressman cannot sell the assets owned by one or more of the entities to pay the tax liability.
3. An explanation of why Mr. Pressman cannot sell his interest in one or more of the entities, and use the proceeds to pay the tax liability.

Although there is obviously significant detail and explanation necessary to fully understand each of the individual investments, we are advised that the basic summary responses are as follows:

1. EPD Investment Co., LLC
Date Acquired: June 27, 2003
Percent Ownership: 49%
2. JSP Properties, Inc.
Date acquired: April 7, 1999
Percent Ownership: 50%

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3. West Hills Properties, L.P.
Date Acquired: June 22, 1995
Percent Ownership: 50%
4. North Hills Industrial Park, Inc.
Date Acquired: May 21, 1998
Percent Ownership: 10%
5. Broadway Entertainment Marketing, Inc.
Date Acquired: June 10, 1992
Percent Ownership: 98.2%
6. S.C. Club, Inc.
Date Acquired: June 9, 1993
Percent Ownership: 33.33%
7. Ice Skating Enterprises, Inc.
Date Acquired: November 25, 2002
Percent Ownership: 49%
8. Ice Group Escondido, Inc.
Date Acquired: August 15, 1994
Percent Ownership: 48.5%

1. EPD Investment Co., LLC

EPD has a total liabilities of over \$47 million, including over \$36 million in promissory notes for funds received from third-parties, most of which are personally guaranteed by Mr. Pressman. Mr. Pressman's personal repayment obligations to the company are secured by a perfected, blanket, first-priority UCC-1 security interest on all of his assets.

EPD estimates a \$3.4 million loss for last year. The company received approximately \$9 million in 2004, most through third-party loans, including approximately \$1.5 million from IRA accounts. Because of the company's high interest expense, over the past three years of economic downturn, it has been unable to earn income in excess of outgoing funds, thereby creating a large negative cash flow.

Currently, the interest requirement exceeds \$3 million per year and has averaged approximately \$1.5 million per year in demand principal repayments, requiring at least \$4.5 million of new loans, investment or income per year just to break even cash flow wise.

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In order to stave off default, Mr. Pressman refinanced his home twice during 2004, and deposited the full proceeds from the financing into EPD, to fund some of the interest and principal demands of the existing note holders which he has personally guaranteed.

On a monthly basis, to the extent funds are available, EPD doles out to Mr. Pressman, as a return of the principal from the funds acquired by him through refinancing, enough to meet the interest on the refinancing and his other living expenses. All of these funds come back to him as a return of his principal, not as income or other compensation.

Mr. Pressman cannot misappropriate EPD funds to pay off a personal obligation. The equity interest in EPD is obviously unsaleable due to its massive debt load and negative net worth. The \$36 million in secured debt—which encumbers all of Mr. Pressman's other assets—effectively prevents Mr. Pressman from using any proceeds from the sale of any of the assets discussed below to pay the tax obligation.

2. JSP Properties, Inc.

JSP Properties' assets consist of undeveloped land in Tennessee. The underlying debt is in excess of \$9 million, which is more than two times the value of the undeveloped land. Mr. Pressman executed approximately \$7 million of personal guarantees to the banks.

Additional funding would be required to develop the project to make it saleable for an amount in excess of the encumbrances. Mr. Pressman would be unable to sell the property without approval from the other 50% shareholder, who has refused.

Mr. Pressman is subject to a shareholder agreement, prohibiting him from selling his shares in the corporation to a third party without the consent of the other shareholder, who has refused.

3. West Hills Properties, L.P.

West Hills Properties' assets consist of undeveloped land in Texas. There have been periodic sales of portions of the property. The cash flow generated by those sales was used to pay the interest and taxes on the underlying mortgage and debt which is approximately \$3.9 million. Mr. Pressman is subject to a personal guaranty on the note.

Additional funds would be required in order to entitle the land and prepare it for sale. If the company could sell the property today, the money would go to repaying the two major debts and other creditors of the company. Mr. Pressman would be unable to sell the property without approval from the other 50% partner, who has refused.

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Mr. Pressman's shares in the company have been placed as collateral securing a \$2,307,000 promissory note.

4. North Hills Industrial Park, Inc.

North Hills Industrial Park's assets are an industrial park in North Hills, California. The property is subject to \$24,740,000 in mortgages, and has a negative cash flow. Mr. Pressman is subject to a personal guarantee.

Mr. Pressman is a 10% shareholder. He is subject to a shareholder agreement, prohibiting him from selling his shares in the corporation to a third party without the consent of the majority shareholders, who have refused.

5. Broadway Entertainment Marketing, Inc.

Broadway Entertainment Marketing (BEM) was originally formed in 1992 as Billboard Entertainment Marketing, to purchase a license from the music magazine Billboard, to produce the Billboard Awards television award show. The company lost the Billboard license in 1997, and changed its name to Broadway Entertainment. It has virtually no assets other than unsaleable book value good will, is subject to approximately \$1.1 million in liabilities, and has an approximate \$450,000 negative net worth.

6. S.C. Club

S.C. Club, Inc. is the general partner of S.C. Club, L.P., which operates the Key Club nightclub in leased premises on Sunset Blvd. Mr. Pressman is the sole limited partner, and is a one-third shareholder of the general partner. It was originally Billboard Live, as part of an extension of the above license. Upon losing the Billboard name, the venue was converted to the Key Club. It currently carries a negative net worth in excess of \$10 million, and to date has a net loss this year of close to \$900,000.

7. Ice Skating Enterprises, Inc. (Easy Street)

Ice Skating Enterprises is a management company that operates an ice skating rink located in Simi Valley, California. It has shareholder equity of \$31,000, of which over \$450,000 consists of good will. Mr. Pressman is a minority shareholder.

8. Ice Group Escondido, Inc.

Ice Group Escondido is a management company that manages ice rinks in Panorama City, Escondido, and Simi Valley, California. It currently has a negative \$235,000 shareholder's

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equity and is operating at a loss for the year. It does not own any assets. Mr. Pressman is a minority shareholder.

Mr. Pressman's business has generated heavy losses and has had no income for more than five years. None of the entities have any saleable assets with equity in excess of secured liens and other debts. With the exception of BEM, which has no assets, Mr. Pressman does not own a controlling interest in any of the entities, and would not have the ability to force sale or distribution even if they had any positive value (which they do not).

As non-controlling interests in private companies with negative net worth, they would be difficult, if not impossible to sell, even if he were permitted to do so. Most of Mr. Pressman's equity interests are subject to pledge agreements or shareholder lock-ups, and therefore could not be sold even if they had a positive value (which they do not).

Finally, as noted above, all of Mr. Pressman's assets—including his equity interests in all of the above entities, and all of the proceeds thereof—are subject to over \$36 million in secured loans to third parties. Accordingly, he would be unable to use any such funds to pay the tax liability even if they existed (which they do not).

After you have had the opportunity to review the enclosed, please let me know your thoughts.

Thank you again for your assistance in this matter.

Sincerely,

John C. Kirkland
JCK:mb

cc: Mr. Jerrold S. Pressman

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
21650 Oxnard Street, Suite 500, Woodland Hills, California 91367.

A true and correct copy of the foregoing documents entitled: **DECLARATION OF THOMAS P. JEREMIASSEN, CPA/CFF, CIRA REGARDING EXPERT REPORT** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **September 5, 2017**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Michael W Davis mdavis@brutzkusgubner.com, ecf@brutzkusgubner.com
Larry W Gabriel lgabriel@brutzkusgubner.com, nfields@brutzkusgubner.com
Lewis R Landau Lew@Landaunet.com
Jason M Rund (TR) trustee@srlawyers.com, jrund@ecf.epiqsystems.com
Autumn D Spaeth aspaeth@swelawfirm.com,
gcruz@swelawfirm.com; csheets@swelawfirm.com; hdavis@swelawfirm.com
United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov
Corey R Weber ecf@brutzkusgubner.com, cweber@brutzkusgubner.com

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed:

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **September 5, 2017**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed:

BY PERSONAL DELIVERY

Honorable Ernest M. Robles
United States Bankruptcy Court
Los Angeles Division – Roybal Federal Bldg.
255 East Temple Street, Suite 1560
Los Angeles, CA 90012-3332

BY PERSONAL DELIVERY (To be delivered 9/6/2017)

Attorney for Defendants
Lewis R. Landau
22287 Mulholland Highway, # 318
Calabasas, CA 91302

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

September 5, 2017
Date

MELA ZEPEDA
Printed Name

/s/ Mela Zepeda
Signature